

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

VIA ELECTRONIC MAIL TO: shawn.patterson@southernstar.com;
craig.thomas@southernstar.com

January 18, 2023

Mr. Shawn L. Patterson
President/CEO
Southern Star Central Gas Pipeline, Inc.
4700 State Route 56
Box 20010
Owensboro, KY 42301

CPF 3-2023-002-NOPV

Dear Mr. Patterson:

From February 26 to February 28, 2021, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.), investigated Southern Star Central Gas Pipeline's (SSCGP) Line FM Rupture Incident near Joplin, Missouri.

As a result of the investigation, it is alleged that SSCGP has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items investigated and the probable violations are:

1. § 192.493 *In-Line inspection of pipelines.*

When conducting in-line inspections of pipelines required by this part, an operator must comply with API STD 1163, ANSI/ASNT ILI-PQ, and NACE SP0102 (incorporated by reference, *see* §192.7). Assessments may be conducted using tethered or remotely controlled tools, not explicitly discussed in NACE SP0102, provided they comply with those sections of NACE SP0102 that are applicable.

Southern Star Central Gas Pipeline (SSCGP) failed to follow API STD 1163 - In Line Inspection Systems Qualification Standard, Section 1.1 General. Specifically, SSCGP failed to follow subpart (d) "Inspection procedures are followed, before, during and after the inspection". During the February 26, 2021, internal inspection of its 10-inch Line FM Gas Transmission Pipeline near Joplin, Missouri, SSCGP failed to follow its integrity management procedure IMP.E2.ASMT.02 Section 7, which required it to prepare for the tool run by developing a detailed pigging plan to control tool velocity.

From February 26 to February 27, 2021 PHMSA's investigation team interviewed multiple SSCGP personnel on their actions to plan and prepare for the In-Line Inspection (ILI) of Line FM. PHMSA found that during the execution of the tool run, SSCGP was not following an approved, detailed pigging plan.

Additionally, prior to the tool run, SSCGP failed to communicate critical operating parameters to its contractors to ensure proper control of the ILI tool. SSCGP's IMP.E2.ASMT.02 procedure in Section 7.3.3 requires that "all changes in geometry or planned operating conditions are disclosed to the ILI vendor." At the time of the launch and operation of the ILI tool, the gas flow rate in Line FM 3.5 MMcf - was lower than the predicted 5 MMcf reported in the tool vendor questionnaire. This was not communicated or disclosed to the ILI vendor.

SSCGP also failed to follow IMP.E2.ASMT.02, Section 8, Performing the In-Line Inspection, where it did not "verify that the operating parameters required by the tool specifications are achievable." The minimum operating pressure given in the ILI tool specifications of 500 psig was higher than Line FM's Maximum Allowable Operating Pressure (MAOP) of 400 psig. SSCGP did not verify that the ILI tools's minimum operating pressure was achievable with the Line FM's MAOP.

By failing to develop a detailed inspection plan and follow existing procedures to verify the limitations of the pipeline operating conditions prior to the ILI inspection, Southern Star did not follow API STD 1163 and, therefore, violated § 192.493. This failure resulted in a malfunction of the ILI tool.

2. § 192.605 *Procedural manual for operations, maintenance, and emergencies.*

(a)

(c) **Abnormal Operation.** For transmission lines, the manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded:

(1) Responding to, investigating, and correcting the cause of:

(i)

(v) **Any other foreseeable malfunction of a component, deviation from normal operation, or personnel error, which may result in a hazard to persons or property.**

SSCGP failed to follow its procedures for abnormal operation, as required by § 192.605(c)(1)(v), to correct the cause of a foreseeable malfunction during the ILI of its 10-inch diameter Line FM natural gas transmission line near Brick School House Meter Station. During the inspection, the ILI tool became lodged in the pipeline, resulting in SSCGP attempting to dislodge the tool without using an approved procedure. This resulted in the Line FM Rupture Incident within a Class 3 location.

PHMSA determined during the investigation of the incident that SSCGP lacked adequate procedures for dislodging an ILI tool and had not “developed contingency plans for the possibility of a lodged tool,” as required by SSCGP procedure IMP.E2.ASMT.02 Section 7.1. SSCGP personnel attempted to dislodge the stuck ILI tool by cycling high pressure on each side of the tool to dislodge it. The tool was dislodged at a high velocity and energy into a 90 degree bend, causing the pipeline to rupture and injure one individual. SSCGP’s failure to develop and approve a procedure to safely dislodge the tool resulted in a hazard to persons or property; therefore, SSCGP is in violation of § 192.605(c)(1)(v).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not 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.

We have reviewed the circumstances and supporting documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of \$445,008 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$ 222,504
2	\$ 222,504

Proposed Compliance Order

With respect to Item Number 2, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Southern Star Central Gas Pipeline, 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 Enforcement 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 3-2022-072-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Gregory A. Ochs
Director, Central Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

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

cc: Craig Thomas, Manager, Integrity Management & PHMSA Compliance

PROPOSED COMPLIANCE ORDER

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

- A. In regard to Item Number 2 of the Notice pertaining to Southern Star Central Gas Pipeline (SSCGP)'s failure to follow proper procedures in an abnormal operation condition when freeing a stuck In-Line Inspection (ILI) tool in their 10-inch diameter Line FM natural gas transmission line, SSCGP must develop and incorporate into their procedural manual for operations, maintenance and emergencies an appropriate procedure for notification, documentation, and remedial actions when removing a stuck internal device, i.e. an ILI tool within 90 days of receipt of the Final Order.

- B. It is requested that SSCGP maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Gregory A. Ochs, Director, Central 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.