



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

JUN 27 2019

1200 New Jersey Ave., SE
Washington, DC 20590

Mr. Alan S. Armstrong
President and Chief Executive Officer
The Williams Companies, Inc.
One Williams Center
Tulsa, Oklahoma 74172

Re: CPF No. 4-2018-2001

Dear Mr. Armstrong:

Enclosed please find the Final Order issued in the above-referenced case to your subsidiary, Williams Field Services – Gulf Coast Company, LP. It withdraws one of the allegations of violation, makes other findings of violation and assesses a civil penalty of \$60,800. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated December 31, 2018. This enforcement action is now closed. Service of the Final Order by certified mail is effective upon the date of mailing, as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Ms. Mary L. McDaniel, Director, Southwest Region, Office of Pipeline Safety, PHMSA
Mr. Mark Cluff, Vice President, Safety & Operational Discipline, Williams Field
Services – Gulf Coast Company, LP
Mr. Clint Ratke, Manager – Pipeline Safety, Williams Field Services – Gulf Coast
Company, LP, Clint.Ratke@Williams.com

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of

**Williams Field Services – Gulf Coast Company, LP,
a subsidiary of Williams Companies, Inc.**

Respondent.

CPF No. 4-2018-2001

FINAL ORDER

From January 24, 2017 through July 10, 2017, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Williams Field Services – Gulf Coast Company, LP (Williams or Respondent) in Houston and Bay City, Texas, and the Seahawk Gas Gathering System West Gulf Coast offshore assets located in the Gulf of Mexico. Williams, a subsidiary of Williams Companies, Inc., operates the Seahawk Gas Gathering System West Gulf Coast, which consists of five main segments with a total mileage of 222.66 miles.

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated November 16, 2018, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Williams had committed three violations of 49 C.F.R. Part 192 and proposed assessing a civil penalty of \$60,800 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations.

Williams responded to the Notice by letter dated December 14, 2018 (Response). The company did not contest two of the allegations of violation, paid the proposed civil penalty of \$60,800 associated with one of the alleged violations, and provided information concerning the corrective actions it had taken in response to the other allegation of violation that it did not contest. In accordance with 49 C.F.R. § 190.208(a)(1), such payment authorizes the Associate Administrator to make a finding of violation and to issue this final order without further proceedings. The company also contested one allegation of violation, offered additional information in response to the Notice, and requested that the alleged violation be withdrawn. Respondent did not request a hearing and therefore has waived its right to one.

FINDINGS OF VIOLATION

The Notice alleged that Respondent violated 49 C.F.R. Part 192, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.613(a), which states:

§ 192.613 Continuing surveillance.

(a) Each operator shall have a procedure for continuing surveillance of its facilities to determine and take appropriate action concerning changes in class location, failures, leakage history, corrosion, substantial changes in cathodic protection requirements, and other unusual operating and maintenance conditions.

The Notice alleged that Respondent violated 49 C.F.R. § 192.613(a) by failing to have procedures for continuing surveillance of its pipeline facilities as required by the regulation. Specifically, the Notice alleged that Williams did not have procedures for continuing surveillance included in its manual for operations, maintenance, and emergencies as required by § 192.605(e). During the inspection, Williams personnel stated that they were in the process of drafting a procedure for continuing surveillance and would include the procedure in its operations manual upon completion.

Respondent did not contest the allegation of violation, but did provide a copy of its procedure for continuing surveillance, which was created subsequent to the inspection. The procedure submitted by Williams addressed the concerns raised in the Notice.

Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 192.613(a) by failing to have a procedure for continuing surveillance of its facilities.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 192.605(a), which states:

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

(a) *General.* Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where, operations and maintenance activities are conducted.

The Notice alleged that Respondent violated 49 C.F.R. § 192.605(a) by failing to have a procedure to address the steps needed to minimize the danger of accidental ignition of gas in any structure or area where the presence of gas constitutes a hazard of fire or explosion. Specifically, the Notice alleged that Williams' written Hot Work procedure 5.05-ADM-021 and Form WFS-

96 Permit to Work only addressed precautions after issuing a hot permit, but did not address minimizing danger of accidental ignition as required by the regulation.

In its Response Williams contested the allegation of violation and stated that it had a procedure in place at the time of the inspection that addressed minimizing danger of accidental ignition as required by the regulation. Williams stated that it was never specifically asked for this procedure, and therefore did not provide a copy for review during the inspection. Williams provided a copy of its procedure "02.10.70.23-Midstream Fire Prevention" with its Response and noted that the procedure has been in place since August 2005, as evidenced by a revision log also provided by Williams. Based on the procedure provided, Williams requested that the Item be withdrawn.

Accordingly, after considering all of the evidence, I find that Williams's procedure "02.10.70.23-Midstream Fire Prevention" satisfies the requirements of the regulation and was in place at the time of the inspection. Based upon the foregoing, I hereby order that Item 2 be withdrawn.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 192.477, which states:

§ 192.477 Internal corrosion control: Monitoring.

If corrosive gas is being transported, coupons or other suitable means must be used to determine the effectiveness of the steps taken to minimize internal corrosion. Each coupon or other means of monitoring internal corrosion must be checked two times each calendar year, but with intervals not exceeding 7 ½ months.

The Notice alleged that Respondent violated 49 C.F.R. § 192.477 by failing to inspect coupons two times each calendar year, but with intervals not exceeding 7 ½ months. Specifically, the Notice alleged that Williams "Internal Corrosion Control Program 7.05-ADM-008 Rev. 8, Section 2.3.3" procedure and the associated coupon reports revealed that Williams failed to inspect coupons on the segments listed below two times each calendar year, but with intervals not exceeding 7 ½ months:

- Perdido Oil Sales Line Coupon CC-9010-03. Inspections recorded for 7/2013, 6/2014, 2/2015, 11/2015, and 05/2016;
- Perdido Sales Gas to Pig Launcher CC-8020-13. Inspections recorded for 6/2013, 2/2015, 11/2015, and 05/2016; and
- Perdido Sales Gas to Pig Launcher CC-8020--14. Inspections recorded for 6/2013, 2/2015, 11/2015, and 05/2016.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.477 by failing to inspect coupons two times each calendar year, but with intervals not exceeding 7 ½ months.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.¹ In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$60,800 for the violations cited above.

Item 3: The Notice proposed a civil penalty of \$60,800 for Respondent's violation of 49 C.F.R. § 192.477, for failing to inspect coupons two times each calendar year, but with intervals not exceeding 7 1/2 months. Williams neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$60,800 for violation of 49 C.F.R. § 192.477.

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$60,800**, which amount was paid in full by wire transfer on December 31, 2018.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1 and 2 in the Notice for violations of 49 C.F.R. §§ 192.613(a) and 192.605(a), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director indicates that Respondent has taken the following actions specified in the proposed compliance order:

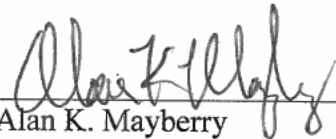
1. With respect to the violation of § 192.613(a) (**Item 1**), Respondent has complied with the proposed compliance order by submitting procedures that comply with the regulation.
2. With respect to the violation of § 192.605(a) (**Item 2**), for the reasons stated above, this allegation of violation is withdrawn. Therefore, the terms of the proposed compliance order associated with this Item are not included.

¹ These amounts are adjusted annually for inflation. See 49 C.F.R. § 190.223; Revisions to Civil Penalty Amounts, 83 Fed. Reg. 60732, 60744 (Nov. 27, 2018).

Accordingly, I find that compliance has been achieved. Therefore, the compliance terms proposed in the Notice are not included in this Order.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address, no later than 20 days after receipt of service of the Final Order by Respondent. Any petition submitted must contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed. The other terms of the order, including any corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay. If Respondent submits payment of the civil penalty, the Final Order becomes the final administrative decision and the right to petition for reconsideration is waived.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.



Alan K. Mayberry
Associate Administrator
for Pipeline Safety

JUN 27 2019

Date Issued