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One Williams Center
P.O. Box 645
Tulsa, OK 74172

July 15, 2022

Mary McDaniel

Director, Southwest Region
8701 S. Gessner, Suite 630
Houston, TX 77074

Re: Williams Field Services – Gulf Coast Company, L.P., Notice of Probable Violation, CPF No.4-2022-039-NOPV Request for Settlement Meeting and Hearing

Ms. McDaniel,

This submittal is in response to the Notice of Probable Violation (NOPV) issued to Williams Field Services – Gulf Coast Company, L.P. (Williams) in docket CPF 4-2022-039 on June 17, 2022. The NOPV asserts two (2) alleged violations of the federal pipeline safety regulations: a violation of § 195.452 (related to integrity management in high consequence areas (HCAs)) and a violation of § 192.579 (related to internal corrosion). PHMSA also proposes a total civil penalty of \$116,660 and two (2) associated proposed compliance order (PCO) items. Williams is providing this written response to contest NOPV Item 1 and requests that PHMSA withdraw the violation, associated PCO item, and civil penalty. With respect to Item 2, the Company elects not to contest the alleged violation, but requests a modification to the PCO requirement and reconsideration of the associated penalty. Williams respectfully requests the opportunity for a consultation and settlement meeting with PHMSA to discuss these issues, pursuant to 49 U.S.C. § 60117(b) (1)(B).

Williams is committed to the safe operation of its pipeline facilities and in compliance with all applicable health, safety, and environmental laws and regulations and works to continuously improve its processes and procedures in furtherance of this goal. Consistent with its commitment, Williams voluntarily self-disclosed the missed coupons identified in the NOPV on May 18, 2021, and supplemented that self-disclosure on August 11, 2021. After making its self-disclosure, Williams voluntarily completed an internal root cause analysis, engaged an expert to conduct an independent root cause analysis, both of which have been shared with PHMSA, and began implementing recommendations from these two reports.

As noted above, Williams is requesting a consultation and settlement meeting with PHMSA for this matter. In advance of that meeting and for additional clarification, the NOPV items are provided below, with PHMSA's allegations and the associated PCO requirement in italics, followed by Williams' responses to each item.

PHMSA Allegation:

1. §195.452 Pipeline integrity management in high consequence areas.
 - a. ...
 - g. What is an information analysis? In periodically evaluating the integrity of each pipeline segment (see paragraph (j) of this section), an operator must analyze all available information about the integrity of its entire pipeline and the consequences of a possible failure along the pipeline. Operators must continue to comply with the data integration elements specified in 195.452(g) that were in effect on October 1, 2018, until October 1, 2022. Operators must begin to integrate all the data elements specified in this section starting October 1, 2020, with all attributes integrated by October 1, 2022. This analysis must:
 - i. Integrate information and attributes about the pipeline that include, but are not limited to:
 1. ...
 2. Other pertinent information derived from operations and maintenance activities and any additional tests, inspections, surveys, patrols, or monitoring required under this part.

Williams failed to analyze all available information about the integrity of its pipeline during its information analysis in accordance with § 195.452(g)(1)(xxi). Specifically, Williams used invalid internal corrosion rates in its information analysis because it failed to conduct the required internal corrosion inspections or use a conservative internal corrosion rate.

Williams transports corrosive hazardous liquid in its Gulf of Mexico offshore gathering pipelines. It uses internal corrosion coupons to monitor the internal corrosion rates within those pipelines, and these rates are used as pipeline attributes in the Williams' Pipeline Risk Model that analyzes all available information about the integrity of the entire pipeline. This process is detailed in Williams' Pipeline Risk Assessment Program, 5.1 Input Data (Revision 4, Effective Date: 4/1/2021) and Risk Algorithm Document, 3.20 MAX_COUPON_MPY as well as 7.1.2.2.1.3 Worst Coupon MPY (Revision 1.2).

In calendar years 2017, 2018, 2019, 2020, and 2021, Williams missed seven required internal corrosion coupon inspections. Due to these missing internal corrosion coupon inspections, Williams relied on inaccurate internal corrosion rates for the pipeline attributes in its Pipeline Risk Model, and instead should have used a more conservative rate. These inaccurate inputs resulted in flawed outputs from its Pipeline Risk Model.

Proposed Compliance Order Requirement: Williams must conduct a review of internal corrosion inputs and update with the current input. If the current input is not available, Williams must default to the most conservative value. Williams must submit an updated information analysis reflecting this review, to PHMSA for review within 90 days of receipt of the Final Order.

Williams Response:

Williams believes this allegation is based on a misunderstanding and is contesting this allegation, associated PCO item, and civil penalty. As noted above, Williams requests an informal consultation and settlement meeting to discuss resolution of NOPV Item 1.

In PHMSA's review of the pipeline risk analysis methods for internal corrosion applicable to this segment, the incorrect section in the Risk Algorithm Document is referenced. The appropriate section for this segment is Section 7.1.1 and it states:

IC failure probability is calculated on each dynamic segment for one of two scenarios: cases where an In-Line Inspection (ILI) tool capable of measuring metal loss has been run on the line, and those where it has not.

In cases where a tool has been run, actual tool results are used to determine a failure mode and probability, as covered in section 7.1.1.

Where a tool has not been run, modeled defects are used to determine a failure mode and probability, as covered in section 7.1.2.

It appears that PHMSA may have misunderstood how the Williams Pipeline Risk Model applies to this segment. Since this segment has integrity assessments using ILI, the risk of internal corrosion is based on the actual anomalies reported using a probabilistic analysis per 7.1.1. PHMSA incorrectly referenced the "modeled" defect method covered in section 7.1.2. The ILI-based approach for internal corrosion risk was selected because ILI data provides quantitative evidence of the segment's condition as compared to coupon corrosion rate that only qualitatively predicts the condition.

The results of the information analysis and risk model show that the segment is susceptible to the threat of internal corrosion and therefore must be assessed using an acceptable method. In this case, an MFL ILI technology was appropriately selected for the last assessment in 2018 and will also be used on the next scheduled assessment in 2023.

Further, to prevent and mitigate the threat of internal corrosion, this segment is included within a sophisticated internal corrosion program. Subject matter experts coordinate the program with Operations, which includes pigging, corrosion inhibitor injection and monitoring. Through the combination of these activities, the threat of internal corrosion is dramatically reduced, as evidenced by the low severity and risk result calculated from the ILI-called anomalies.

In light of the foregoing Williams respectfully requests that PHMSA withdraw this alleged violation, associated PCO item, and civil penalty.

PHMSA Allegation:

2. 195.579 What must I do to mitigate internal corrosion?

a. ...

b. **Inhibitors. If you use corrosion inhibitors to mitigate internal corrosion, you must –**

i. ...

iii. **Examine the coupons or other monitoring equipment at least twice each calendar year, but with intervals not exceeding 7 ½ months.**

Williams failed to examine internal corrosion coupons at least twice each calendar year, but with intervals not exceeding 7 ½ months in accordance with § 195.579(b)(3). Specifically, Williams missed seven internal corrosion coupon inspections from 2017 through 2021.

Section 10.1 of its Corrosion Control for Hazardous Liquid Pipelines (Revision 3, Effective Date 7/22/2021) manual states that “[i]f a pipeline transports any hazardous liquid that could corrode the pipeline, investigate the corrosive effect of the hazardous liquid on the pipeline and take adequate steps to mitigate internal corrosion.” Because Williams transports corrosive hazardous liquid, it injects corrosion inhibitors and uses internal corrosion coupons to monitor the effectiveness of the inhibitors.

In addition, Section 10.1 of its Corrosion Control for Hazardous Liquid Pipelines (Revision 3, Effective Date 7/22/2021) manual states that Williams must “[c]heck coupons or other monitoring equipment at least twice each calendar year, not to exceed 7 ½ months.” The results of these semiannual coupon inspections are recorded on form F-227 Corrosion Coupon Report.

In calendar years 2017, 2018, 2019, 2020, and 2021, seven required internal corrosion coupon inspections intervals were missed or exceeded the 7 ½ months required interval.

Therefore, Williams failed to examine internal corrosion coupons at least twice each calendar year, but with intervals not exceeding 7 ½ months in accordance with its procedure and § 195.579(b)(3).

Proposed Compliance Order Requirement: Williams must submit the findings from a root cause failure analysis performed by an independent technical expert regarding the company’s failure to complete the inspections to PHMSA for review within 90 days of receipt of the Final Order. In addition, Williams must conduct the required internal corrosion inspections within 30 days of receipt of the Final Order.

Williams Response:

Williams does not contest this item. As summarized above, Williams submitted a voluntary self-disclosure to PHMSA on May 18, 2021 and supplemented its disclosure on August 11, 2021. Williams disclosed the missed coupons identified in this allegation. Accordingly, Williams does not contest the findings that are associated with it. Instead, Williams is requesting a clarification and modification to the PCO requirement and reconsideration of the penalty associated with this Item in the NOPV.

After providing a supplemental self-disclosure, Williams proactively conducted an internal root cause analysis, which was shared with PHMSA on October 29, 2021. Williams has already implemented several of the recommendations from this report, including improved monitoring of contracted vendors and filling the management gaps identified in the root cause analysis by implementing a work-task tracking system that maintains deadlines and reminders for each coupon.

Regarding the PCO requirement to submit the findings from an independent root cause failure analysis, prior to receiving this NOPV, Williams engaged DNV GL USA, Inc. (DNV) to conduct an investigation and perform an independent root cause analysis. Williams shared this plan with PHMSA in December 2021. DNV completed its analysis and submitted its report to PHMSA on May 11, 2022. Subsequently, Williams met with PHMSA Southwest Region Director, Mary McDaniel, and Transportation Specialist, Thomas Warner, to discuss the findings on June 6, 2022. Williams understands that the DNV independent root cause failure analysis satisfies the PCO requirement for this item.

As to the additional requirement in the PCO to complete the coupon pulls within 30 days of receipt of the Final Order, Williams has completed the required internal corrosion inspections and first coupon pulls for 2022 in March and April. Due to the offshore locations of these coupons and difficulty arranging for their pull and transportation, Williams requests that PHMSA permit it to comply with the PCO by pulling coupons during their next scheduled inspection in September or October 2022, depending on the location.

With regards to the civil penalty associated with this Item, Williams respectfully requests PHMSA reconsider the mitigative credit applied. In its self-disclosure, along with the coupon locations on its hazardous liquids lines, Williams also identified corrosion coupon deficiencies at certain locations on offshore gas lines, which are at issue in the NOPV issued in CPF 4-2022-038 (June 17, 2022). The penalty mitigation "under the circumstances" factor applied in CPF 4-2022-038 was 50%, while the mitigation for Item #2 in this action was inexplicably lower at 25%. PHMSA has not provided any basis to support the discrepancy. Williams requests that PHMSA align the civil penalty associated with Item 2 to be consistent with the mitigation applied in CPF No. 4-2022-038.

As indicated above, Williams would like to schedule a consultation and settlement meeting with PHMSA in the next 2-3 weeks to discuss the allegations in Item 1, and the PCO obligations and proposed civil penalty for both Items 1 and 2. Additionally, Williams reserves the right to request a hearing regarding the items in this NOPV should Williams not be satisfied with the outcome of the consultation and settlement meeting. Please contact me at your earliest convenience so that we can identify a date and time for the meeting.

Respectfully,

A handwritten signature in black ink, appearing to read "John Bell". The signature is written in a cursive style with a large initial "J" and "B".

John Bell

Manager of Pipeline Safety – Transmission & Gulf of Mexico

John.Bell@williams.com

Cc: Clint Pernack – Williams, Director of Pipeline Safety & Asset Integrity

Mark Cluff – Williams, Vice President Safety & Operational Discipline