March 15, 2011

Mr. Chris Hoidal
Director, Western Region,
Pipeline and Hazardous Materials Safety Administration
12300 W Dakota Ave., Suite 110
Lakewood, CO 80228

CPF 5-2011-5007M

Dear Mr. Hoidal:

On August 16, 2010 a representative of the Pipeline and Hazardous Materials Safety Administration conducted an on-site pipeline safety inspection of Williams Field Services Company procedures (PGX Pipeline) at Parachute, Colorado. This inspection resulted in a Notice of Amendment dated February 28, 2011.

The Notice of Amendment alleges that an inadequacy was identified in the Williams Field Services Company procedure as stated below:

1. 7.04-ADM-002 - Atmospheric Corrosion Inspection

    - The Notice of Amendment advises Williams Field Services Company's atmospheric corrosion procedure did not adequately address atmospheric corrosion inspection of pipe covered by thermal insulation on a meter skid observed by the PHMSA inspector.

2. Williams Field Services Company will not challenge nor contest the Notice of Amendment and has modified the procedure to include a specific process for atmospheric corrosion inspection on pipe covered by thermal insulation.

    - The Williams Field Services Company procedure has been modified to include a specific atmospheric corrosion inspection process for pipe covered by thermal insulation.

Should you have further questions or require additional information, please contact Joe Freisberg at (918) 573-0810.

Williams hereby formally reaffirms its desire to fully cooperate with the Pipeline and Hazardous Materials Safety Administration in all matters of regulatory compliance. Ongoing, Williams is committed to safe and reliable operations, with protective regard to the public, the environment, and to its employees.

Sincerely,

Randy Newcomer
VP, Operations Performance
Williams Field Services Company

Enclosures (1) 7.04-ADM-002, Atmospheric Corrosion Inspection

1.0 PURPOSE

1.1 To establish a standardized method for monitoring, inspecting and reporting atmospheric corrosion conditions on aboveground and offshore facilities.

2.0 PROCEDURE

2.1 Use 7.04-ADM-002-A-Atmospheric Inspection Onshore or 7.04-ADM-002-B-Atmospheric Inspection Offshore to assist in identifying Atmospheric Inspection Requirements.

2.2 Identifying Areas for inspection

2.2.1 Identify all above grade and above water line structures/facilities or parts of structures/facilities as subject for atmospheric corrosion inspection. Pay particular attention to those structures above or near water.

2.2.2 Maintain a listing of all subject areas as a checklist and updated as needed in the American Innovations Pipeline Compliance System (PCS).

2.2.3 Some structures/facilities with corresponding inspection requirements are:

2.2.3.1 Pump/Compressor stations, measuring and regulating stations, storage vessels and tankage, and miscellaneous facilities (building, structure, piping and equipment):

- Pipe ground level transition areas (soil/air interfaces)
- Pipe above grade coatings
- Pipe above grade with thermal insulation
- Pipe condition at building wall entry/exit
- Pipe and valves located in vaults or cans
- Structure and equipment coating condition

NOTE

When pipe is covered by thermal insulation, the thermal insulation must be removed or there must be adequate inspection ports cut into the thermal insulation to allow for inspection of the pipe covered by the thermal insulation.

2.2.3.2 Underground pipe or related facilities exposed to the atmosphere due to intentional or unintentional reasons (i.e., erosion, subsidence, etc.)

- Pipe ground level transition and above ground coating conditions (soil/air interfaces)

2.2.3.3 Pipe spans (supported and unsupported)
- Pipe ground level transition and above ground coating conditions (soil/air interfaces)
- Pipe support and traffic guard coating conditions

2.2.3.4 Suspension bridges (piping and structure):
- Physical condition of structural steel towers, assemblies, clamps, pipe hanger system, bolts, cables, cable hardware, cable anchorages, and concrete foundations
- Pipe ground level transition and above ground coating conditions (soil/air interfaces)

2.2.3.5 Pipeline valves, expansion loops, and associated piping:
- Pipe ground level transition coating condition (soil/air interfaces)
- Pipe above grade coating condition including under thermal insulations
- Pipe and valves located in vaults or cans
- Structure (pipe supports) coating condition, paying particular attention to the area between the support and the piping being supported.

2.2.3.6 Storage wells and associated piping:
- Wellhead and pipe above grade coating condition including under thermal insulations
- Pipe and wellhead ground level transition coating condition (soil/air interfaces)

2.2.3.7 Offshore platforms and piping:
- Splash zone coating condition (inspect during low tide)
- Platform structure, decks and deck penetrations coating condition. Pay particular attention to crevice areas such as supports/clamps and deck penetrations.
- Production equipment on decks coating condition
- Ladders, bumpers, conduit, and any other non-production related structural steel coating condition

2.3 Performing Visual Inspection of Surfaces

2.3.1 Visually inspect all surfaces and assign a visual coating condition code on the Atmospheric Corrosion Inspection data gathering form, generated from the American Innovations Pipeline Compliance System (PCS) or in the data logger as either "Adequate" or "Inadequate" as described below.
- Adequate (coating prevents corrosion)
- Inadequate (coating does not prevent corrosion)

NOTE

The presence of pipe exposed to the atmosphere with surface corrosion (Rust or Pitting) indicates that the coating is Inadequate. This will also include areas on the pipe where the coating is damaged or missing

2.3.2 Visually inspect all surfaces and assign a visual corrosion condition code on the Atmospheric Corrosion Inspection data gathering form (generated from the American Innovations Pipeline Compliance System (PCS) or in the data logger as either "Rust", "Pitting", or "None" as described below.

- Rust (minor corrosion)
- Pitting (potentially serious corrosion)
- None (no corrosion identified)

NOTE

If pitting corrosion is identified, initiate 7.04-ADM-005 - Examining and Documenting the Condition of an Underground Pipeline or Related Facility When Exposed before proceeding.

2.3.3 For "Rust" or "Pitting" corrosion or "Inadequate" coating, utilize the comment section on the Atmospheric Corrosion Inspection data gathering form, generated from the American Innovations Pipeline Compliance System (PCS) to quantify and describe the structure or coating damage.

2.4 Prioritization of Atmospheric Corrosion

2.4.1 Priority 1 – Represents a failing protective coating system with active general or pitting corrosion that is equal to or exceeds 10% of the substrate thickness.

NOTE

Remedial action shall be completed prior to the next inspection period.

2.4.2 Priority 2 – Represents a failing protective coating system with active general or pitting corrosion less than 10% of the substrate thickness.

NOTE

Re-inspect per required inspection period and reprioritize.

2.4.3 Priority 3 – Represents an adequate protective coating system without signs of active corrosion on the substrate.

2.4.4 Continue on planned inspection intervals.

NOTE

For pipelines in Canada, refer to CSA Z662-07 (10.9.2) for corrosion imperfections in pipe.

2.5 Remedial Actions

2.5.1 Manager of Operations will address areas of atmospheric concern requiring remedial action concerning pipe or coating repair.

2.6 Documentation

2.6.1 Documentation of atmospheric corrosion inspection data is handled in the American Innovations Pipeline Compliance System (PCS)

NOTE

Reports provided by contractors as a result of Level I offshore inspections performed by contractors will be stored and accessible in the MSLive database under the Gulf Coast External Corrosion folder and hard copies stored at the local operations headquarters.

2.6.2 A list identifying areas of atmospheric concern requiring remedial action is prepared annually by the Operations Corrosion Technician and submitted to the local Manager of Operations and the Asset Integrity Specialist in Tulsa..

3.0 REFERENCE

3.1 Regulatory

3.1.1 Federal – Department of Transportation Part 195.416

3.1.2 Federal – Department of Transportation Part 192.451

3.1.3 CSA Z662-07

3.1.4 CGA OCC-01

3.1.5 CSA Z245 (20, 21)

3.2 Related Policies/Procedures

3.2.1 7.04-ADM-001 – Coatings – Selection, Applications and Maintenance

3.2.2 7.04-ADM-005 – Examining and Documenting the Condition of an Underground Pipeline or Related Facility When Exposed

3.2.3 15-03-11-10 - Pipeline Protective Coatings for Recoating In Situ

3.2.4 15-03-01-05 - Protective Coatings for New Construction and Maintenance

3.3 Forms and Attachments

3.3.1 7.04-ADM-002-A-Atmospheric Inspection Onshore

3.3.2 7.04-ADM-002-B-Atmospheric Inspection Offshore

3.3.3 SIP Feedback/Change Request

4.0 DEFINITIONS

4.1 Active Corrosion – Continuing corrosion which, unless controlled through one or more remediation methods, could result in a condition that is detrimental to the integrity of a structure with potential adverse affects to public safety, employees, other structures or the environment.

4.2 **Atmospheric Corrosion** – Corrosion that is caused by exposure to the atmosphere.

4.3 **Coating** – All components comprising the protective coating system, the sum of which provides effective electrical insulation of the coated structure from the electrolyte. Also defined as a dielectric material applied to a pipe to separate it from the environment or a protective film of coating after application to the substrate.

4.4 **Platform** – A working space for persons, elevated above the surrounding floor or ground OR an offshore structure used to accommodate pipelines and related appurtenances OR any carrying device (basket or bucket) which is a component of an aerial device.

4.5 **Splash Zone** – The area of pipeline that is intermittently wet and dry because of wave and tidal action.

➢➢➢End of Procedure≺≺≺

System Integrity Plan Change Log

Date	Change Location	Brief Description of Change
11/05/09	2.2.3.1 and 2.2.3.5	Added "Pipe and valves located in vaults or cans" as a result of incident investigation findings.
	2.6.1 Note	Added to address Level 1 offshore inspections performed by contractors and where data is maintained.
9/24/10 (Rev 10)	2.4.4	Added note for Canadian pipelines.
	3.0	Added Canadian regulatory references.
3/8/11	2.2.1, 2.2.3, 2.3.1, 2.3.2, 2.5.2, 2.6.2	Added reference to thermal insulation inspection and revised responsible parties and distribution process.