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DOT Levies Record Fine Against El Paso Corporation and Colorado Interstate Gas Company

***Department's \$2.3 Million Civil Penalty is largest ever assessed against a
pipeline company under its administrative authority***

The U.S. Department of Transportation (DOT) today announced it levied a \$2.3 million civil penalty against El Paso Corporation and its subsidiary Colorado Interstate Gas Company for violations of federal pipeline safety regulations. The DOT also ordered the companies to take specific actions to comply with its regulations and ensure safety as a result of its investigation into a pipeline explosion that killed a construction worker in Laramie County, WY in November 2006.

"Federal requirements are in place to provide protections for America's most important assets, its citizens," said Secretary Ray LaHood. "The Department will hold pipeline operators accountable for the safety of those who live and work in the vicinity of their systems and negligence will not be tolerated."

The accident investigation, conducted by the Department's Pipeline and Hazardous Materials Safety Administration (PHMSA), discovered the companies did not comply with federal regulations covering the locating and marking of buried pipeline facilities. Federal regulations require pipeline operators to establish and follow procedures for properly locating and marking their underground systems before excavation work is commenced to prevent accidental contact and safety risks.

"Pipeline and other underground facility damage is almost entirely preventable," said Cynthia L. Quarterman, PHMSA Administrator. "Pipeline operators must be the first line of defense in protecting the public from incidents related to their systems."

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The final order issued today by PHMSA also includes a compliance order requiring the companies to take certain actions to ensure compliance with federal pipeline safety regulations. Among other things, the compliance order requires the companies to:

1. Revise corporate procedures for making construction records, maps, and operating history available to appropriate operating personnel;
2. Develop and implement written procedures to require appropriate managers or supervisors to conduct unannounced reviews of work performed by El Paso line locators to ensure applicable procedures are understood, being followed, and effective, paying special attention to the accuracy, visibility, and durability of the marking and line locating work; and
3. Develop and implement training for all managers and supervisors to enhance their understanding of El Paso's surveillance procedures and improve their ability to understand and intervene in unsafe or hazardous situations for people and property.

"Promoting successful damage prevention practices is a key component to our safety mission," Administrator Quarterman added. "Providing protections for those who live near or work on and around pipeline infrastructure is as important as efficient, reliable, and continuous service."

On Nov. 11, 2006, a 36-inch natural gas transmission pipeline owned by Wyoming Interstate Company, Ltd. and operated by Colorado Interstate Gas Company, both subsidiaries of El Paso Corporation, was struck by a bulldozer. At the time of the accident, the bulldozer operator was attempting to grade nearby land to build a right of way for the Rockies Express Pipeline. The contact with the high pressure line resulted in the release of natural gas, a subsequent explosion and fire, and the operator's death.

The final order in this case explaining PHMSA's findings of violation, assessing the \$2.3 million civil penalty, and ordering the compliance actions can be viewed on the web at <http://primis.phmsa.dot.gov/comm/reports/enforce/Enforcement.html>.

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