

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 31, 2016

Mr. Stephen F. Angel
Chairman, President & Chief Executive Officer
Praxair, Inc.
39 Old Ridgebury Road
Danbury, CT 06810

CPF 5-2016-0015W

Dear Mr. Dunn:

On July 28-31, 2015, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code of Federal Regulations inspected your Hydrogen Gas Pipeline in Ontario, California.

As a result of the inspection, it is alleged that Praxair, Inc. (Praxair) has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are as follows:

1. **§192.739 Pressure limiting and regulating stations: Inspection and testing.**
 - (a) **Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is—**
 - (1) **In good mechanical condition;**
 - (2) **Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;**
 - (3) **Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a); and**

(4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.

Praxair did not inspect each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment at intervals not exceeding 15 months, but at least once each calendar year.

At the time of the inspection, records indicated that Praxair performed inspections on the North Regulator (HP7R) and South Regulator (HP6R) on its Hydrogen (H₂) pipeline in Fontana in December 2011, January 2013, January 2014, and January 2015. While these inspections fall within the prescribed 15 month window, there were no inspections recorded in calendar year 2012.

2. §192.745 Valve maintenance: Transmission lines.

(a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.

Praxair did not inspect and partially operate each transmission line valve that might be required during any emergency at intervals not exceeding 15 months, but at least once each calendar year.

At the time of the inspection, records indicated that Praxair performed valve inspections on its H₂ pipeline in December 2011, January 2013, October 2013, and August 2014. While these inspections were within the prescribed 15 month window, there were no inspections recorded in calendar year 2012.

3. §192.805 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

... (b) Ensure through evaluation that individuals performing covered tasks are qualified;

Praxair did not follow its written qualification program to ensure through evaluation that individuals performing Operator Qualification (OQ) covered tasks were qualified.

At the time of the inspection, records showed that OQ covered tasks had been performed by personnel on Praxair's H₂ pipeline outside of their qualification dates as follows:

- On November 22, 2013, a record showed that an employee completed an inspection of above ground coatings and atmospheric corrosion during a time period he was not OQ qualified to perform those covered tasks.
- On November 1, 2012, a record showed that an employee completed a pipeline right-of-way patrol at a time he was OQ qualified to perform that covered task.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violation occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in Praxair, Inc. being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2016-0015W**. Be advised that all material you submit in response to this enforcement action is subject to being 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).

Sincerely,

Chris Hoidal
Director, Western
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 C. Ishikawa (#150210)