



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 28, 2015

Mr. Gary Buchler
Vice President, Engineering and Operations
El Paso Natural Gas Division
Kinder Morgan, Inc.
1001 Louisiana Street, Suite 1000
Houston, TX 77002-5089

CPF 5-2015-1008

Dear Mr. Buchler:

On June 18-26, 2014, a representative of the Arizona Corporation Commission's Pipeline Safety Section and a representative from the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 Code of Federal Regulations, inspected the El Paso Natural Gas (EPNG) Tucson Complex and Phoenix Complex gas transmission pipeline systems in Tucson and Phoenix, Arizona.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. 192.616 Public Awareness.

(a) Except for an operator of a master meter or petroleum gas system covered under paragraph (j) of this section, each pipeline operator must develop and implement a written continuing public education program that follows the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162 (incorporated by reference, *see* § 192.7).

(d) The operator's program must specifically include provisions to educate the public, appropriate government organizations, and persons engaged in excavation related activities on:

(3) Physical indications that such a release may have occurred;

EPNG failed to develop and implement a written continuing public education program that followed the guidance in API RP 1162. EPNG's written public awareness messages given to the affected public failed to include relevant information about physical indications that a release may have occurred.

The guidance in API 1162 states: "An operator should select the optimum combination of message, delivery method, and frequency that meets the needs of the intended audience" (Section 4, *Message Content*) and "Information should address how to recognize a pipeline leak through the senses of sight, unusual sound, and smell and describe any associated dangers as appropriate to the product type" (Section 4.3.2, *How to Recognize a Pipeline Leak*).

EPNG's pipeline system transported gas with natural aromatic hydrocarbons. This type of gas has an odor that may vary depending on which wells are used as a gas source and could have different odors besides the normal pungent smell of mercaptan and petroleum odors. For that reason, EPNG provided written public awareness messages to excavators and emergency response officials stating that physical indications of a release would include the odor of petroleum, mercaptan (rotten egg), or a fragrant odor. However, EPNG's public awareness mailer that was provided to the affected public stated only that either a petroleum or a pungent odor such as sulfur (rotten egg) may be present if a release of natural gas has occurred.

The public awareness mailer for the affected public did not include all known physical indications of a release of natural gas.

2. 192.625 Odorization of gas.

(a) A combustible gas in a distribution line must contain a natural odorant or be odorized so that at a concentration in air of one-fifth of the lower explosive limit, the gas is readily detectable by a person with a normal sense of smell.

(b) After December 31, 1976, a combustible gas in a transmission line in a Class 3 or Class 4 location must comply with the requirements of paragraph (a) of this section unless:

(1) At least 50 percent of the length of the line downstream from that location is in a Class 1 or Class 2 location;

(2) The line transports gas to any of the following facilities which received gas without an odorant from that line before May 5, 1975:

(i) An underground storage field;

(ii) A gas processing plant;

(iii) A gas dehydration plant; or

(iv) An industrial plant using gas in a process where the presence of an odorant:

(A) Makes the end product unfit for the purpose for which it is intended;

(B) Reduces the activity of a catalyst; or

(C) Reduces the percentage completion of a chemical reaction

(3) In the case of a lateral line which transports gas to a distribution center, at least 50 percent of the length of that line is in a Class 1 or Class 2 location.; or

(4) The combustible gas is hydrogen intended for use as a feedstock in a manufacturing process.

EPNG did not maintain odorized gas in its pipelines as required by paragraphs (a) and (b). Two of EPNG's gas lines, numbered 1015 and 2074, located in the greater Tucson area have over 50% of the pipeline in Class 3 locations. Both of these lines were not odorized according to the requirements of paragraph (a).

The lack of detectable odorant was first observed by a construction crew from Southwest Gas Corporation near Willcox, Arizona, which is downstream downstream from EPNG's transmission lines, on June 11, 2014. Southwest Gas alerted other distribution operators on June 12, 2014. The Cities of Safford and Benson and Graham County Utilities reported unodorized or low level odorization as well. Distribution operators downstream from EPNG's transmission lines provided odorant sniff test and odorometer records that showed insufficient odorization of gas throughout the Southeast region of Arizona.

3. 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

(b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and subpart M of this part.

EPNG failed to prepare and follow a procedure that would ensure operation and maintenance of the pipeline in accordance with the requirements of § 192.625, *Odorization of Gas*. Section 192.625 states “A combustible gas in a distribution line must contain a natural odorant or be odorized so that at a concentration in air of one-fifth of the lower explosive limit, the gas is readily detectable by a person with a normal sense of smell.” EPNG’s written procedure (1026 “Natural Gas Odorization”) stated that the gas must be detectable at 1/5 of the LEL, however, it did not specify the actual LEL percentage. Without specifying the LEL, there is not sufficient information for field personnel to determine if the gas is adequately odorized.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$162,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$50,400
2	\$61,900
3	\$50,400

Proposed Compliance Order

With respect to items 1, 2, and 3 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to El Paso Natural Gas Company. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 5-2015-1008** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Hoidal". The signature is fluid and cursive, with a large initial "C" and "H".

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

cc: PHP-60 Compliance Registry
PHP-500 C. Ishikawa (#147016)
Arizona Corporation Commission - Pipeline Safety Section

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to El Paso Natural Gas Company a Compliance Order incorporating the following remedial requirements to ensure the compliance of El Paso Natural Gas Company with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to EPNG's failure to give the affected public the same information about smells of natural gas that is provided to excavator and emergency response officials, EPNG must amend its written public awareness messages to the affected public. Written public awareness materials must be amended and delivered to the general public located in Southern Arizona within ninety (90) days following receipt of this final order.
2. In regard to Item Number 2 of the Notice pertaining to EPNG's failure to maintain odorized gas in its South System, EPNG must evaluate their entire natural gas system in Southern Arizona to determine which gas lines need odorization and develop a plan to provide the necessary odorization. Gas lines 1015 and 2074 must be included in this plan. EPNG must provide evidence of the system evaluation and a compliance plan to provide the necessary odorization within 30 days following receipt of this final order.
3. In regard to Item Number 3 of the Notice pertaining to EPNG's inadequate procedure for natural gas odorization, EPNG must amend its procedure to specify the LEL levels EPNG's measurement personnel must use to determine if a gas is adequately odorized. Written odorization procedures must be amended within thirty (30) days following receipt of this final order.
4. PHMSA requests that El Paso Natural Gas Company maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.