

MARCH 7, 2014

Mr. Robert Phillips
President
Crestwood Midstream Partners, LP
700 Louisiana St., Suite 2060
Houston, Texas 77002

Re: CPF No. 1-2013-1018

Dear Mr. Phillips:

Enclosed please find the Final Order issued in the above-referenced case to your subsidiary, Central New York Oil & Gas Company, LLC. It makes findings of violation and assesses a civil penalty of \$26,400. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer dated October 17, 2013. This enforcement action is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Byron Coy, P.E., Director, Eastern Region, OPS
Mr. Barry Cigich, Vice President Operations and Engineering, Crestwood Midstream
Partners, LP, Two Brush Creek Blvd., Suite 200, Kansas City, Missouri 64112

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

)	
In the Matter of)	
)	
Central New York Oil & Gas Co., LLC,)	CPF No. 1-2013-1018
)	
Respondent.)	
)	

FINAL ORDER

On August 13, 2012, pursuant to 49 U.S.C. § 60117, representatives of the New York State Department of Public Service, acting as agents for the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Central New York Oil & Gas Company, LLC (CNYOG or Respondent), in Oswego, New York. CNYOG, a wholly-owned subsidiary of Crestwood Midstream Partners, LP, is a natural gas storage and pipeline company operating primarily in the Northeast.¹

As a result of the inspection, the Director, Eastern Region, OPS (Director), issued to Respondent, by letter dated September 3, 2013, a Notice of Probable Violation and Proposed Civil Penalty (Notice), which also included a warning pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that CNYOG had violated 49 C.F.R. §§ 192.605, 192.603 and 192.465 and assessing a civil penalty of \$26,400 for the alleged violations. The warning item required no further action but warned the operator to correct the probable violation or face possible enforcement action.

On October 17, 2013, Respondent paid the entire proposed penalty, via wire transfer, as provided under 49 C.F.R. § 190.227. Payment of the penalty authorizes the Associate Administrator, without further notice, to make findings of violation and to issue a Final Order under § 190.213.

FINDINGS OF VIOLATION

CNYOG did not contest the allegations in the Notice that it violated 49 C.F.R. Part 192, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.605(e), which states:

¹ See, <http://www.crestwoodlp.com/index.asp> (last viewed January 17, 2014).

§ 192.605 Procedural manual for operations, maintenance, and emergencies.

(a) *General.* Each operator shall prepare and follow for each pipeline, a manual or written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted...

(e) *Surveillance, emergency response, and accident investigation.* The procedures required by §§ 192.613(a), 192.615 and 192.617 must be included in the manual required by paragraph (a) of this section.

The Notice alleged that Respondent violated 49 C.F.R. § 192.605(e) by failing to follow its own written procedures for documenting monthly training meetings on emergency response, as outlined in 49 C.F.R. § 192.615. Specifically, the Notice alleged that CNYOG failed to follow its own Operating and Maintenance (O&M) *Procedure 506*, which requires monthly emergency response training meetings for all employees assigned to a particular area and that such meetings be documented by the employee who conducted the meeting. The Notice alleged that a review of CNYOG's records from January 1, 2010, through August 15, 2012, found no records of the monthly meetings.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.605(e) by failing to follow its own written procedures for documenting monthly emergency response training meetings.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 192.603(b), which states:

§ 192.603 General provisions.

(a) ...

(b) Each operator shall keep records necessary to administer the procedures established under § 192.605.

The Notice alleged that Respondent violated 49 C.F.R. § 192.603(b) by failing to keep records necessary to administer the procedures required under § 192.605, regarding emergency response training, as outlined in 49 C.F.R. § 192.615. Specifically, the Notice alleged that CNYOG failed to keep records of the annual training it provided to police officers in 2010 and 2011.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.603(b) by failing to keep records of the annual emergency response training it provided to police officers in 2010 and 2011, as outlined in 49 C.F.R. § 192.615.

These findings of violation will be considered prior offenses in any subsequent enforcement

action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.² In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$26,400 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$8,900 for Respondent's violation of 49 C.F.R. § 192.605(e), for failing to follow its own written procedures for documenting monthly emergency response training meetings. Specifically, the Notice alleged that CNYOG failed to follow its *O&M Procedure 506*, which requires monthly training meetings for all employees assigned to the area and that the training be documented by the employee who conducted the meeting. CNYOG paid the proposed penalty, which authorizes PHMSA to make a finding of violation and impose the proposed penalty, as provided under 49 C.F.R. § 190.208. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$8,900 for violation of 49 C.F.R. § 192.605(e).

Item 2: The Notice proposed a civil penalty of \$17,500 for Respondent's violation of 49 C.F.R. § 192.603(b), for failing to keep records necessary to administer the procedures under § 192.605. Specifically, the Notice alleged that CNYOG failed to keep records of the annual emergency response training it provided to police officers in 2010 and 2011. CNYOG paid the proposed penalty, which authorizes PHMSA to make a finding of violation and impose the proposed penalty, as provided under 49 C.F.R. § 190.208. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$17,500 for violation of 49 C.F.R. § 192.603(b).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$26,400**, which amount has already been paid in full.

² The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, Pub. L. No. 112-90, § 2(a)(1), 125 Stat. 1904, January 3, 2012, increased the civil penalty liability for violating a pipeline safety standard to \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.

WARNING ITEM

With respect to Item 3, the Notice alleged probable violations of Part 192 but did not propose a civil penalty or compliance order for this item. Therefore, this is considered to be a warning item. The warning was for:

49 C.F.R. § 192.465(c) (**Item 3**) — Respondent's alleged failure to perform timely corrosion control monitoring, specifically certain rectifier inspections, in 2011 and 2012.

CNYOG presented information in its Response showing that it had taken certain actions to address the cited item. If OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order [CPF No. 1-2013-1018] are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued