



U.S. Department
Of Transportation
**Pipeline and
Hazardous Materials
Safety Administration**

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.989.2171

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

Overnight Express Mail

September 3, 2013

Mr. Barry Cigich
Vice President Operations and Engineering
Inergy Midstream
Two Brush Creek Boulevard, Suite 200
Kansas City, MO 64112

CPF 1-2013-1018

Dear Mr. Cigich:

During the week of August 13, 2012, inspectors from the New York State Department of Public Service (NYSDPS), acting as agents for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected the Central New York Oil & Gas (CNYOG) pipeline facilities in Owego, NY.

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. §192.605 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. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one 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.

CNYOG failed to follow their procedures for documenting monthly training meetings in accordance with 192.615.

Specifically, CNYOG failed to follow their O&M procedure 506, revision 1, dated February 25, 2004, which states in part:

The training program shall ensure that operations and maintenance employees are familiar with the Company's pipeline facilities, operating procedures (normal, abnormal, and emergency), and the gas that is transported in the pipeline systems

The Facility Manager is responsible for coordinating the Company's training program and conducting the annual training evaluation meeting and is responsible for conducting the monthly training meetings for all employees assigned to the area.

Training shall be documented by the employee who conducted the monthly meeting. The record shall include the location and date of the meeting, names of the attendees, name of the instructor, and topics discussed.

During the inspection, NYSDPS reviewed records from January 1, 2010 through August 15, 2012. CNYOG did not have a record of the referenced monthly training meetings as required by its procedures.

2. § 192.603 General provisions.

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

CNYOG failed to keep records necessary to administer the procedures established under §192.605.

Specifically, CNYOG failed to keep records, as required by §192.603, to administer their O&M procedure 506, revision 1, dated February 25, 2004, which states that CNYOG must “[o]ffer annual training to police departments regarding the recognition of gas related emergencies.”

During the inspection, NYSDPS reviewed records from January 1, 2010 through August 15, 2012. CNYOG provided a record of the referenced annual training conducted in 2009, but they did not have records of the annual training that was conducted in 2010 and 2011.

3. §192.465 External corrosion control: Monitoring.

(c) Each reverse current switch, each diode, and each interference bond whose failure would jeopardize structure protection must be electrically checked for proper performance six times each calendar year, but with intervals not exceeding 2-1/2 months. Each other interference bond must be checked at least once each calendar year, but with intervals not exceeding 15 months.

CNYOG failed to perform 3 rectifier inspections in 2011 at intervals not exceeding 2-½ months, and missed one inspection in 2012.

Rectifier inspection reports for "Station Court Yard" and "Station Pipeline" were reviewed and indicated that 3 inspections in 2011 were missed and 1 inspection in 2012 was missed.

In 2011, CNYOG performed rectifier inspections on 1/24, 3/15 and 5/12. The required bi-monthly inspections were missed in July, September and November.

In 2012, CNYOG performed inspections on 2/29 and 4/5. The required bi-monthly inspection was missed in June 2012.

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 violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$26,400 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$ 8,900
2	\$ 17,500

Warning Items

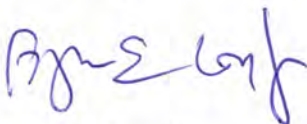
With respect to item 3, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct this item. Failure to do so may result in additional enforcement action.

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 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.

Please submit all correspondence in this matter to Byron Coy, PE, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, W. Trenton, NJ 08628. Please refer to **CPF 1-2013-1018** on each document you submit, and please whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to Byron.Coy@dot.gov. Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

Sincerely,



Byron Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Cc: Kevin Speicher, NYSDPS

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*