

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 8, 2009

Mr. Dwayne Burton
Vice President - Operations
Natural Gas Pipeline Company of America (KMI)
One Allen Center
500 Dallas Street
Suite 1000
Houston, TX 77002

CPF 4-2009-1012

Dear Mr. Burton:

During the months of March through August, and November in 2008, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Natural Gas Pipeline Company of America's (NGPL) natural gas pipeline facilities and records located in southern Oklahoma, Texas and Louisiana.

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. **§192.13 What general requirements apply to pipelines regulated under this part?**
 - (c) **Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.**

In reviewing welder qualification, it was noted that a company welder had taken the annual Welder Qualification Tests 1 and 2 on 4/10/2007. The Operator's procedures, *O&M 401/C1061, Welder Qualification and Testing*, §3.2 *Company Welder Tests* states, 'Company welders shall pass annual visual (**O&M Procedure 406 – Weld Inspection and Testing**) and destructive tests to be qualified for the appropriate procedure. A Company welder will complete the annual test and any subsequent retests no later than April 1. A Company welder must pass Tests 1 and 2 to be qualified.'

The individual missed the annual interval for qualification by 9 days in 2007.

2. §192.481 Atmospheric corrosion control: Monitoring.

- (b) During inspections the operator must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.**
- (c) If atmospheric corrosion is found during an inspection, the operator must provide protection against the corrosion as required by Sec. 192.479.**

NGPL monitors atmospheric corrosion of above ground pipeline facilities once each calendar year. The NGPL O&M Procedure, *O&M 918, Inspecting for Atmospheric Corrosion*, § 3.2 *Atmospheric Corrosion Monitoring and Inspection Frequency* follows Sec. 192.481 and establishes an interval of 3 years not to exceed 39 months.

At the following locations, the Sycamore Meter/Tap facility, Energex/TransOK Bryan County Meter/Tap facility, and Delhi/Panola Meter Facility, the above ground meter station piping had signs of atmospheric corrosion at the pipe supports where metal-to-metal contact is present. The lack of an insulating material between the meter piping and the supports could allow the formation of a corrosion cell and if not corrected may present an unsafe condition. At the Erath/Henry Hub pig trap piping, the filter/separator piping at Compressor Station 346, and the Slug Catcher Pressure Regulator facility at Compressor Station 342, there were signs of atmospheric corrosion. The atmospheric corrosion at Compressor Station 342 had been noted on follow-up work orders by NGPL personnel in March 2006, April 2007, and April 2008 as 'Poor'.

NGPL has not addressed the corrosion to-date and has not provided prompt remedial action.

3. §192.705 Transmission lines: Patrolling.

- (a) Each operator shall have a patrol program to observe surface conditions on and adjacent to the transmission line right-of-way for indications of leaks construction activity, and other factors affecting safety and operation.**

It was observed during the inspection, numerous areas of the right-of-way (R/W) that were in need of attention. North of Bridgeport, TX at SR 101 and the railroad, there was a distance of approximately 300 feet separating the highway and railroad at the OE pipeline crossing. The railroad paralleled the highway and ran behind the residences and businesses in the area. The R/W between the railroad and the highway was obstructed with a vacant, dilapidated mobile home and a very large trash pile of various sizes of lumber, metal, and old drill stem piping of different sizes.

At the start of the Willis Lateral, there was a tree growing in the middle of the R/W. The tree was cleared from the R/W in May.

Other areas needing R/W work due to vegetation overgrowth or the tree canopy are: the US 287/RR crossing of the OE line; the 20inch line north in the North Lansing Storage Field; the GC #1 crossing of the Sabine River; the GC #3 north of the Angelina River crossing; the GC #1 and #2 south of TX SR 103 crossing; and the GC #1, #2, and #3 on the south side of the Trinity River.

Since NGPL uses aerial patrolling to satisfy the patrol requirements, the Operator must ensure that the right-of-ways are clear and unobstructed.

4. §192.707 Line markers for mains and transmission lines.

- (a) Buried pipelines. Except as provided in paragraph (b) of this section, a line marker must be placed and maintained as close as practical over each buried main and transmission line:**
 - (2) Wherever necessary to identify the location of the transmission line or main to reduce the possibility of damage or interference.**

At numerous locations throughout NGPL, there were areas where pipeline markers were missing. Roadway crossings, railroad crossings, and fence lines had sufficient markers, but along the pipeline right-of-ways away from these crossings and fence lines, the placement of markers were few and far between. Pipeline markers are missing along the right-of-way in the vicinity of MP 461 for GC #1 and #2; north along the right-of-way for GC #1, #2, and #3 near MP 473; south from TX SR 154 along the right-of-way for the GC pipelines near MP 450; west along the 30 inch Longview Lateral from MP 450; north along the GC #3 line from the Angelina River near MP 369; south from TX SR 103 near MP 363 along GC #1 and #2; south from TX FM 1818 near MP 353 along GC #1 and #2; north from the MC & SA RR near MP 332 along GC #1 and #2; south beyond the fence line near MP 332 along GC #1 and #2; west along the Hagist Lateral from MP 15 at TX CR 351; east along the Hagist Lateral from MP 15 at TX CR 351 beyond the fence line; and south from the Aransas River near MP 77 along the GC #1 and #2.

5. §192.751 Prevention of accidental ignition.

Each operator shall take steps to minimize the danger of accidental ignition of gas in any structure or area where the presence of gas constitutes a hazard of fire or explosion, including the following:

(c) Post warning signs, where appropriate.

During the inspection process, it was noted at MP 412, Mainline Valves 446 and 2446 need new 'No Smoking' signs. The markings on the present signs were totally obscured and unreadable. At MP 4 on the LA #1 line at the Trunkline Meter/Tap Facility, 'Caution - No Smoking' signs are needed as per NGPL's procedures, but none were present. In both cases, NGPL replaced and/or added the signs by the next day of the inspection.

Warning Items

With respect to item(s) 1, and 5, 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 these item(s). Be advised that failure to do so may result in Natural Gas Pipeline Company of America being subject to additional enforcement action.

Proposed Compliance Order

With respect to item(s) 2, 3, and 4, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Natural Gas Pipeline Company of America. 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. 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). 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 4-2009-1012** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous
Materials Safety Administration

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

PROPOSED COMPLIANCE ORDER

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

1. In regard to Item Number 2 of the Notice pertaining to the monitoring of atmospheric corrosion control, NGPL must inspect all above ground facility piping for indications of atmospheric corrosion. If the atmospheric corrosion is graded as 'Poor', the areas of corrosion must be remediated to prevent further damage to the pipeline facilities and to ensure the safety of the public and surrounding environment.
2. In regard to Item Number 3 of the Notice pertaining to surface conditions on and adjacent to the transmission pipeline right-of-way and other conditions that may affect the safety and operation of the pipeline, NGPL must survey the right-of-ways and make necessary improvements to ensure that the right-of-way conditions will not hinder the aerial patrols.
3. In regard to Item Number 4 of the Notice pertaining to the placement of pipeline markers along the right-of-way, NGPL must survey the pipeline right-of-ways and make the necessary additions to ensure that pipeline markers are not only present at fence lines, roadway and railroad crossings, but are wherever necessary to identify the pipeline location within the right-of-ways and to help prevent pipeline damage.
4. NGPL should complete these items within 120 days after the receipt of the Final Order.
5. Natural Gas Pipeline Company of America shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R. M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. Costs shall 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.