



Nebraska State Fire Marshal Pipeline Safety Section Inspection Report

SFM Deputy Conducting Inspection:

Mike Stromitis

Inspection Type:

O & M STANDARD: Regulator Stations

Operator Name:

SourceGas

Unit:

Albion

Call#:

8731

Inspection Date(s):

July 19, Oct 26 & 27, 2011

Town/Site:

O'Neill Regs

Report Date:

10/27/2011

Facility ID:

11-03-237

NEBRASKA STATE FIRE MARSHAL – PIPELINE SAFETY DIVISION

Facility ID 11-03-237

SFM Inspection Date(s) July 19, Oct 26 & 27, 2011

TOWN O'Neill Regs.
MANAGER Don Noecker
COUNTY Holt

UNIT Albion

COMPANY SourceGas
TELEPHONE#: (402) 395-2163

Regulator Station# & Designation: 4-1 O'Neill District Regulator Station **440-9025**

LOCATION: (Old TBS by Holiday Inn Express) **Block 205**

TYPE: Monitoring Relief Operator Inspection Date: 05-27-09 / 04-29-10
Size/Make/Model of Distribution Regulator: 2" / Rockwell / 441-57S set 18#
Size/Make/Model of OPP Device: 4" / Axial Flow / 300-H5
Relief Stack Size: 4" Approx. Length of Stack: 5'
MAOP for Inlet Pressure: 100# MAOP for Outlet Pressure 30# OPP Set Point 30#
Inlet Pressure / Field: 93# Outlet Pressure / Field: 18.6# Pressure Recording Device: See Remarks

	Yes / No		Yes / No
Inlet piping cathodic reading: <u>-1.166</u>	<input checked="" type="checkbox"/> <input type="checkbox"/>	Required Valves Locked	<input checked="" type="checkbox"/> <input type="checkbox"/>
Outlet piping cathodic reading: <u>-1.060</u>	<input checked="" type="checkbox"/> <input type="checkbox"/>	Station Guard	<input checked="" type="checkbox"/> <input type="checkbox"/>
Fire Hazard _____	<input type="checkbox"/> <input checked="" type="checkbox"/>	Atmospheric Corrosion Control <u>Good Condition</u>	

Regulator Station# & Designation: 4-2 O'Neill District Regulator Station **440-9025**

LOCATION: O'Neill Auto **in Block 204**

TYPE: Monitoring Relief Operator Inspection Date: 08-11-09 / 09-28-10
Size/Make/Model of Distribution Regulator: 1" / Fisher / 630 set 9#
Size/Make/Model of OPP Device: 1" / Fisher / 289H
Relief Stack Size: None required Approx. Length of Stack: n/a
MAOP for Inlet Pressure: 100# MAOP for Outlet Pressure 10# OPP Set Point 13#
Inlet Pressure / Field: _____ Outlet Pressure / Field: 7.7 Pressure Recording Device: _____

	Yes / No		Yes / No
Inlet piping cathodic reading: <u>-1.076</u>	<input checked="" type="checkbox"/> <input type="checkbox"/>	Required Valves Locked	<input type="checkbox"/> <input type="checkbox"/>
Outlet piping cathodic reading: <u>-1.295</u>	<input checked="" type="checkbox"/> <input type="checkbox"/>	Station Guard	<input type="checkbox"/> <input type="checkbox"/>
Fire Hazard _____	<input type="checkbox"/> <input checked="" type="checkbox"/>	Atmospheric Corrosion Control _____	

Remarks:

The over pressure protection valve - 4" / Axial Flow / 300-H5 at District Reg Station 4-1 was found in the closed position and locked.

NEBRASKA STATE FIRE MARSHAL – PIPELINE SAFETY DIVISION

Regulator Station# & Designation: 4-3 O'Neill District Regulator Station **440-9025**

LOCATION: By Fox Bros Hay Co. **In Block 209A**

TYPE: Monitoring Relief Operator Inspection Date: 08-11-09 / 09-28-10

Size/Make/Model of Distribution Regulator: 1" / Fisher / 630 set 8#

Size/Make/Model of OPP Device: 1" / Fisher / 289H

Relief Stack Size: None required Approx. Length of Stack: n/a

MAOP for Inlet Pressure: 100# MAOP for Outlet Pressure 10# OPP Set Point 13#

Inlet Pressure / Field: 85.8# Outlet Pressure / Field: 7.8# Pressure Recording Device: N/A

	Yes / No			Yes / No	
Inlet piping cathodic reading: <u>-1.176</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Required Valves Locked	<input type="checkbox"/>	<input type="checkbox"/>
Outlet piping cathodic reading: _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Station Guard	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Fire Hazard _____	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Atmospheric Corrosion Control	<u>Good Condition</u>	

Deputy Signature: *W^m Mike Stromitis*

Wm Mike Stromitis *Deputy Pipeline Safety* *State Fire Marshal*

STATE OF NEBRASKA



Dave Heineman
Governor



STATE FIRE MARSHAL
John Falgione
Fire Marshal

Notice of Probable Violation

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 2, 2011

Ms. Lanna Machmuller
Senior Compliance Coordinator
SourceGas
610 Central Avenue
Kearney, NE 68847

Dear Ms. Machmuller,

Subject: Probable violation in O'Neill, NE – #20111102A-N

On October 26, 2011, a field inspection of SourceGas facilities located in the community of O'Neill was conducted by Deputy Mike Stromitis of the Nebraska State Fire Marshal's Office, Pipeline Safety Division. SourceGas's Field Coordinator Dan Willets accompanied Deputy Stromitis throughout the inspection. As a result of the inspection, it appears SourceGas has committed probable violation of Title 155 Nebraska Administrative Code Chapter 1.001. Nebraska's Title 155, pursuant to the Nebraska Natural Gas Pipeline Safety Act of 1969, adopts by reference Federal Pipeline Safety Regulations found in Title 49, Code of Federal Regulations, Part 192.

During the inspection at SourceGas facility identified as District Regulator Station 4-1, the manual block valve before the Over Pressure Protection Valve (OPPV)) was found locked in the closed position. Mr. Willets verified the inlet block valve was closed by opening a test valve between the block valve and the OPPV which dropped the gas pressure in the space to nothing.

☐ **MAIN OFFICE**
☐ **DISTRICT A**
246 South 14th Street
Lincoln, NE 68508-1804
(402) 471-2027

☐ **DISTRICT B**
438 West Market
Albion, NE 68620-1241
(402) 395-2164

☐ **DISTRICT C**
200 South Silber
North Platte, NE 69101-4219
(308) 535-8181

■ **FUELS DIVISION**
☐ **FLST** ■ **Pipeline**
246 South 14th Street
Lincoln, NE 68508-1804
(402) 471-9465

☐ **TRAINING DIVISION**
2410 North Wheeler Avenue
Suite 112
Grand Island, NE 68801-2376
(308) 385-6892

The OPPV is a 4" Axial Flow 300-H5 Valve, recorded in the maintenance report, and was set to open at 30# to protect O'Neill's mains from over-pressurization, which have a Maximum Allowable Operating Pressure (MAOP) of 30#. The last annual maintenance inspection for the District Regulator Station occurred this year on July 6, 2011, by Technician James Eastman, who passed his Operator Qualification (OQ) knowledge test on January 27, 2010. That qualified him to do the maintenance on SourceGas facilities. The pipeline which serves the regulator station has an MAOP of 100# and was operating at 93# on October 26th. In the event of a catastrophic failure of the main regulator, a 2" Rockwell 441-57S, the amount of natural gas flowing at 93# pressure could greatly exceed the main's MAOP. With the block valve closed, the OPPV could not protect O'Neill's mains as it was designed to do to meet the requirements of 49 CFR 192.195.

NOPV #1: With the block valve closed, the OPPV could not protect O'Neill's mains against over-pressurization as required by 192.195.

§192.195 Protection against accidental over pressuring.

(a) General requirements. Except as provided in §192.197, each pipeline that is connected to a gas source so that the maximum allowable operating pressure could be exceeded as the result of pressure control failure or of some other type of failure, must have pressure relieving or pressure limiting devices that meet the requirements of §192.199 and §192.201.

(b) Additional requirements for distribution systems. Each distribution system that is supplied from a source of gas that is at a higher pressure than the maximum allowable operating pressure for the system must

- (1) Have pressure regulation devices capable of meeting the pressure, load, and other service conditions that will be experienced in normal operation of the system, and that could be activated in the event of failure of some portion of the system; and
- (2) Be designed so as to prevent accidental over-pressuring.

NOPV #2: Completing the maintenance of the regulator station and locking the block valve in the closed position indicated the Technician did not recognize an abnormal operating condition and therefore is not qualified to perform the maintenance of the Regulator Station as required in Subpart N, Qualification of Pipeline Personnel, 49 CFR 192.803.

§192.803 Definitions.

Abnormal operating condition means a condition identified by the operator that may indicate a malfunction of a component or deviation from normal operations that may:

- (a) Indicate a condition exceeding design limits; or
- (b) Result in a hazard(s) to persons, property, or the environment.

Evaluation means a process, established and documented by the operator, to determine an individual's ability to perform a covered task by any of the following:

- (a) Written examination;
- (b) Oral examination;
- (c) Work performance history review;
- (d) Observation during:
 - (1) Performance on the job,
 - (2) On the job training, or
 - (3) Simulations; or
- (e) Other forms of assessment.

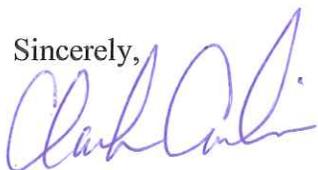
Qualified means that an individual has been evaluated and can:

- (a) Perform assigned covered tasks; and**
- (b) Recognize and react to abnormal operating conditions.**

Whenever the State Fire Marshal has reason to believe any person is violating any provision of subsection (1) of section 81-545 of the Nebraska Natural Gas Pipeline Safety Act of 1969 or any regulation under the Nebraska Natural Gas Pipeline Safety Act of 1969, the State Fire Marshal may request the Attorney General of Nebraska to bring an action under section 81-547 of the Nebraska Natural Gas Pipeline Safety Act of 1969 in the district court of the county in which the defendant's principal place of business is located. The district court may impose a civil penalty not to exceed ten thousand dollars for each violation for each day that such violation persists, except that the maximum civil penalty shall not exceed five hundred thousand dollars for any related series of violations. The district court shall have jurisdiction to restrain violations of the Nebraska Natural Gas Pipeline Safety Act of 1969 including the restraint of transportation of gas or the operation of a pipeline facility.

We request that SourceGas respond within 30 days of receipt of this letter and reference #20111102A-N on the return correspondence to our office. The response may accept the findings and state a plan of action to address the concerns or, the response may disagree with the findings. If SourceGas chooses to disagree with the findings, please justify your position in the response.

Sincerely,



Clark Conklin
Chief Deputy, Pipeline Safety



Wm Mike Stromitis
Deputy, Pipeline Safety

SourceGas LLC
370 Van Gordon Street
Suite 4000
Lakewood, CO 80228
303 243 3541 Bill Stephens
303 243 3741 Fax
www.SourceGas.com



Date: November 29, 2011



State of Nebraska
State Fire Marshal
Mr. Clark Conklin / Mr. Mike Stromitis
Chief Deputy, Pipeline Safety
246 South 14th Street
Lincoln, Nebraska 68508-1804

RE: Probable violation in O'Neill, NE - #20111102A-N
SourceGas Albion Division

Dear Mr. Conklin:

This letter is in response to your letter dated November 2, 2011, reference number #20111102A-N. There were two probable violations in this letter.

Below is SourceGas' (SGs') response to those items listed in your letter. Each NOPV from your letter is first restated then followed by SGs' response in bold font.

Probable Violation:

During the inspection at SourceGas facility identified as District Regulator Station 4-1, the manual block valve before the Over Pressure Protection Valve (OPPV) was found locked in the closed position. Mr. Willets verified the inlet block valve was closed by opening a test valve between the block valve and the OPPV which dropped the gas pressure in the space to nothing.

The OPPV is a 4" Axial Flow 300-H5 Valve, recorded in the maintenance report, and was set to open at 30# to protect O'Neill's mains from over-pressurization, which have a Maximum Allowable Operating Pressure (MAOP) of 30#. The last annual maintenance inspection for the District Regulator Station occurred this year on July 6, 2011, by Technician James Eastman, who passed his Operator Qualification (OQ) knowledge test on January 27, 2010. That qualified him to do the maintenance on SourceGas facilities. The pipeline which serves the regulator station has an MAOP of 100# and was operating at 93# on October 26th. In the event of a catastrophic failure of the main regulator, a 2" Rockwell 441-57S, the amount of natural gas flowing at 93# pressure could greatly exceed the main's MAOP. With the block valve closed, the OPPV could not protect O'Neill's mains as it was designed to do to meet the requirements of 49 CFR §192.195.

1. **NOPV #1:** With the block valve closed, the OPPV could not protect O'Neill's mains against over-pressurization as required by §192.195.

The following actions were taken:

SourceGas agrees with the findings regarding the block valve being found in the closed locked position below the relief valve; and, that the valve should have been in the locked open position. This site was corrected on October 26th, 2011 the day of the inspection, in the presence of the inspector.

SourceGas verified that at all times pressures were monitored on the pipeline system via SCADA; and, the MAOP of the O'Neill system was not exceeded during this time.

2. **NOPV #2:** Completing the maintenance of the regulator station and locking the block valve in the closed position indicated the Technician did not recognize an abnormal operating condition and therefore is not qualified to perform the maintenance of the Regulator Station as required in Subpart N, Qualification of Pipeline Personnel, 49 CFR §192.803.

The following actions were taken:

The technician involved (Mr. James Eastman) had three OQ tasks revoked that pertained to abnormal operation conditions (AOC). These tasks were:

OQ 1 - 014.20.01 – Valve Maintenance Inspection and Operation

OQ 2 - 014.20.02 – Valve Maintenance

OQ 3 - 018.01.01 – Pressure Regulators Limiting & Relief Devices

SourceGas dispatched other OQ qualified personnel to each of the sites that were maintained by this technician during 2011. These personnel did verify that no other sites had the same deficiency. All valves at the other locations were found to have been left in the proper position. This verification work was completed on 11/1/2011 for the additional 35 sites.

Disciplinary action for Mr. Eastman included time off without pay. In addition, Mr. Eastman was required to complete supplemental training and testing to requalify on these tasks. The requalification was completed on November 14, 2011

SourceGas LLC
370 Van Gordon Street
Suite 4000
Lakewood, CO 80228
303 243 3541 Bill Stephens
303 243 3741 Fax
www.SourceGas.com



In Conclusion:

The SourceGas Codes and Standards team and operations group as a whole appreciate the Nebraska State Fire Marshal for its consistent oversight and continuing assistance in making our facilities and pipelines safer for the general public as well as our employees. The comprehensive nature of this inspection and additional audits provides SourceGas the opportunity to improve protocols and procedures in a very professional atmosphere.

If you have any questions regarding these issues, or if further follow-up is required, please call Bill Stephens Senior Manager of Codes and Standards at 303-243-3541.

Sincerely,

A handwritten signature in blue ink, appearing to read "William W. Stephens".

William W. Stephens
Senior Manager Codes and Standards

cc: Don Noecker
Jason Pickett
Lanna Machmuller
Doug Whitefoot
Mike Winterfeld



Nebraska State Fire Marshal
Pipeline Safety Section
NOPV-CONCERN CORRECTION FOLLOW-UP

SFM Deputy Conducting Inspection:

Mike Stromitis

Correction of Violation

Violation to 155 : 20111102A-N

Operator Name:

SourceGas

Unit:

Albion

Call#:

8731

Town/Site:

O'Neill

Report Date:

12/16/2011

Inspection Date(s):

12/8,15/2011

Facility ID:

11-03-237

NEBRASKA STATE FIRE MARSHAL – PIPELINE SAFETY DIVISION

FOLLOW-UP INSPECTION

Name of Operator: SourceGas **SFM ID #:**20111102A-N

Operator Address:

SourceGas - Albion Division
2660 State Hwy 39
P.O. Box 551
Albion, NE 68620

Phone Number: (402) 395-2163

Fax Number: (243) 243-3738

Emergency Number: (800) 563-0012

Persons Interviewed

Dan Willets

Field Coordinator

Title

Phone No.

(402) 920-1271 - cell

Persons conducting Inspection **Date:** 12-14-2011

NSFM Deputy Mike Stromitis

Description:

Issue: Valve closed before over pressure protection valve preventing the protection

Code 192.195 **Date of Letter:** 11-02-2011 **Type:** NOPV

Remarks: On December 8, 2011 returning from South Dakota, a stop at the site to inspect status of valve. The valve was found open and locked as required preventing someone from tampering with valve.

Issue: Failure to recognize an abnormal condition

Code 192.803 **Date of Letter:** 11-02-2011 **Type:** NOPV

Remarks: The Technician was required to requalify on valve maintenance, inspection and operation, Valve maintenance, Pressure Regulators limiting & relief devices. all three include abnormal conditions the Technician is required to respond to, this was completed on November 14, 2011, on December 15, stopped in Kearney office to complete the review of qualifying the technician to recognize an abnormal condition.

Issue: Code 192. **Date of Letter:** **Type:**

Remarks:

Issue: Code 192. **Date of Letter:** **Type:**

Remarks:

Deputy Signature: W^m Mike Stromitis

Wm Mike Stromitis

Deputy Pipeline Safety

State Fire Marshal

STATE OF NEBRASKA



Letter of Approval

Dave Heineman
Governor

STATE FIRE MARSHAL
John Falgione
Fire Marshal

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Ms. Lanna Machmuller
Senior Compliance Coordinator
SourceGas
610 Central Avenue
Kearney, NE 68847

February 10, 2012

Subject: Probable violation in O'Neill, NE – #20111102A-N

On October 26, 2011, a "Notice of Probable Violation" was issued to SourceGas which indicated violations to Title 155 of Nebraska Administrative Code Chapter 1.001. Nebraska's Title 155, pursuant to the Nebraska Natural Gas Pipeline Safety Act of 1969, adopts by reference Federal Pipeline Safety Regulations found in Title 49, Code of Federal Regulations, Part 192.

On December 15, 2011 our office conducted a follow-up inspection of procedures used to re-qualify your Technician who was responsible for failure to re-open the block valve to the OPP device at your O'Neill regulator station.

The steps SourceGas took to ensure no other problems were found with the work performed by the Technician and the follow-up with your Technician also demonstrate your due diligence in ensuring the safety of your natural gas operation.

As a result of the inspection it has been determined the probable violations of §192.803 and §192.195 are resolved.

If you have any questions regarding the substance or propriety of this notice, please contact our office at, Nebraska State Fire Marshal, Pipeline Safety, 246 South 14th Street, Lincoln, NE 68508-1840 or telephone 402-471-9664.

Clark Conklin, Chief Deputy
Fuels Division, Pipeline Section
Nebraska State Fire Marshal

Mike Stromitis, Deputy
Fuels Division, Pipeline Safety
Nebraska State Fire Marshal

MAIN OFFICE

DISTRICT A
246 South 14th Street
Lincoln, NE 68508-1804
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DISTRICT B

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