

Compliance Inspections – Attachment 2 – 2/1/99 ltr. from El Paso Natural Gas



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Richard B. Felder
Associate Administrator for Pipeline Safety
Research and Special Programs Administration
Department of Transportation
400 7th Street, S.W., Room 7128
Washington, DC 20590

RE: System Integrity Inspection Program

Dear Mr. Felder:

El Paso Natural Gas Company has reviewed the Federal Register Notice and would like to be considered an applicant for the System Integrity Inspection (SII) Program pilot program. El Paso Natural Gas Company operates two interstate pipeline systems-El Paso Natural Gas and Mojave Pipeline Operating Company. These systems collectively comprise over 10,000 miles of pipeline and are powered by 70 compressor stations. El Paso Natural Gas offers interstate natural gas transportation services from producing regions in New Mexico, Texas, Oklahoma and Colorado to markets in California, Nevada, Arizona, New Mexico, Texas and northern Mexico. If selected for this program, we propose to participate with both interstate pipeline systems described above.

EPNG takes great pride in operating systems that are both safe and in compliance with all applicable standards. EPNG has, as a result, developed over the years a comprehensive approach to maintaining the integrity of its pipeline systems. Pertinent parts of that effort are as follows-

Compliance Assurance Program

Compliance Services Staff: Compliance Services is composed of twelve individuals with over one hundred and forty years of combined experience in DOT compliance issues. This staff is stationed throughout the company and works with Operations personnel on a daily basis.

Internal Auditing Program: Compliance Services personnel conduct audits that include an annual review of DOT records for all locations and periodic physical inspections of all plant and pipeline facilities. These audits are done in accordance with EPNG's Quality Assurance Auditing Procedures Manual.

MAXIMO: This is a new Windows-based compliance tool. All DOT required maintenance is included in this system, MAXIMO includes a Compliance Status Report for each location that includes information related to the status of each of these DOT tasks. Compliance Services personnel are directed to monitor this report on a monthly basis.

System Integrity Plan

EPNG has historically had in place more informal mechanisms to assure system integrity. EPNG now intends to implement a formal System Integrity (SI) Plan with the goal of anticipating problems and taking measures that will prevent them from becoming critical safety issues. The nature of the SI Plan will be as follows:

Identification of Critical Safety Issues: One advantage to having a formal SI Plan is that there will be one formal mechanism in place for the identification and evaluation of pipeline safety issues. Good communications concerning system integrity issues will assure that the company responds in an effective manner. Problem identification will generally occur by the following means:

1. Operational Concerns: As previously discussed, a key feature of the SI Plan will be the ability to address, on an ongoing basis, concerns of the Operating Divisions.
2. Abnormal Operations and Safety-Related Condition Reports: These reports are sources of information that may be related to system integrity issues. EPNG has a well-developed and relatively specific abnormal operations section in the O&M Plan which requires reports that include analysis and recommendations to prevent recurrence.
3. Leak and Corrosion History: Data related to leaks and to known corrosion will be considered in assessing line segments for potential risk.
4. Piping Information/Metallurgical Reports: Information related to piping (i.e. piping known to be susceptible to SCC or seam failure, piping for which there has been vendor notification or alerts from DOT or industry, groups, etc.) is a key part of identifying potential safety concerns. Additionally, metallurgical reports, whether arising from a failure investigation or for other reasons, provide an important means of identifying and dealing with safety issues.
5. Encroachments: Knowledge gained from dealing with potential or existing encroachments is valuable in identifying concerns.
6. Class Location Changes: Changes in population density in the vicinity of our facilities may indicate a need for pipe replacement, hydrostatic testing, increased patrolling, or assessment of increase in risk.
7. Industry Studies: Studies by GRI, Battelle, AGA, SGA, and other industry groups provide valuable input to assist in problem identification.
8. Annual Internal Compliance Audits: The internal audit process serves as a valuable means of identifying concerns.
9. SII Program Consultative Resolution Plan: Should EPNG participate in the SII Program as outlined by OPS, the process described as the consultative resolution plan will assist the company in identifying critical safety issues.
10. Failures: Failures, whether occurring in an EPNG facility or elsewhere in the industry, provide an important means of identifying areas of potential concern. EPNG considers outside sources of information concerning failures such as NTSB reports, INGAA reports, direct talks with DOT, DOT alerts, annual statistics from DOT, etc.

System Integrity (SII) Team: The SI Team is composed of staff from Compliance Services who are assigned to support both the System Integrity Inspection Program and the company's internal System Integrity Program. Examples of work to be done by this team are: 1) Preparation of the initial presentation to be given to OPS and state inspectors concerning our System Integrity Program, 2) oversight of the internal audit process, and 3) support of the System Integrity Inspection process.

Directors' Oversight Committee (DOC): The DOC will be established to implement and manage the operations of the System Integrity Process. This committee is to be chaired by the Director of Operations Services Division and will include the three Operating Division Directors, the Director of Central Engineering, and a representative of the SI Team who will act as Secretary to the committee, Concerns directly related to Vice physical condition of the pipeline

system will be referred to the Risk Assessment Process. All other concerns will be referred to the Compliance Assurance Process.

Risk Assessment Process: The Risk Management Team (RMT) will direct the Risk Assessment Process. This process will result in each system integrity issue receiving a weighted assessment. Rating will be done based upon the likelihood of failure, the consequences of failure, the probable timing of failure, whether failure would likely occur gradually or would be catastrophic in nature, the proximity to population (whether in a residential or business district, or a highway, railroad, or other location where people could be injured), and other considerations related to the perceived risk. For those concerns that appear to warrant serious consideration, alternatives for remediation will be explored and cost estimates will be prepared. The DOC will review the results of this process, rank the alternatives, and make recommendations to management.

Compliance Assurance Process: The Compliance Services Manager or his designee(s) will review issues with whoever initiated the review process and will consult with others as necessary to arrive at alternative solutions. These alternatives will be considered and cost estimates will be done for those that appear to be most suitable. Those issues that are likely to require a relatively large amount of resources will be, in turn, referred to the Risk Assessment Process for assessment and comparison to other alternatives under consideration. Those issues that will not require significant resources will be acted upon by Compliance Services. Examples of this second type of response may include additional training, revision of O&M or emergency procedures, damage prevention efforts, public education, etc.

Management Review/Action Plan: Management will review the recommendations from the DOC and make decisions concerning an appropriate action plan. Alternatives that are not selected for action may be scheduled as future projects or they may remain in the Risk Assessment Process for future consideration.

Feedback/Performance Measures: The final phase of any action taken pursuant to the SI Process - will be to measure the resultant impact on system integrity. Normally the performance measurement will be the responsibility of the party that initiated the concern. The DOC will be informed of the action taker, and will be informed of the assessment of the resulting impact(s). Although many of the results will be difficult to measure directly, effective actions will generally result in increase in reliability, decrease in failures or near misses, decrease in the number and/or seriousness or leaks, decrease in the amount of third party damage, decrease in cathodic protection current requirements, increase in the effectiveness of emergency response, decrease in both the number and the seriousness of operational concerns, etc. Measurement will be done to the extent practical and useful to this process. Careful attention will be paid by the System Integrity Team and the Directors' Oversight Committee both to follow up and to measuring the performance of actions taken as this information will prove invaluable in overseeing and directing the ongoing System Integrity Process.

In conclusion, let me assure you that El Paso Natural Gas Company's senior management is committed to continuous improvement in managing overall pipeline system integrity, and that the company will, if selected to participate in the SH Program pilot program, share information about our integrity program with OPS. Point of contact for EPNG for the SII Program will be:

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El Paso Natural Gas Company
3920 E. El Paso Drive Flagstaff,
AZ 86004 Telephone: (520)
527-6501 Fax: (520) 527-6553
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Should you have any questions, please do not hesitate to contact our point of contact. Thank you,

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas P. Morgan". The signature is written in a cursive style with a prominent flourish at the end.

Thomas P. Morgan
Vice President
Transmission Operations