



# Public Service Commission

## State of North Dakota

---

### COMMISSIONERS

Randy Christmann  
Julie Fedorchak  
Brian Kroshus

Executive Secretary  
Darrell Nitschke

600 East Boulevard, Dept. 408  
Bismarck, North Dakota 58505-0480  
Web: [www.psc.nd.gov](http://www.psc.nd.gov)  
E-mail: [ndpsc@nd.gov](mailto:ndpsc@nd.gov)  
Phone: 701-328-2400  
ND Toll Free: 1-877-245-6685  
Fax: 701-328-2410  
TDD: 800-366-6888 or 711

April 27, 2017

David Scobel, CEO Caliber North Dakota LLC  
1200 17<sup>th</sup> St. Suite 2100  
Denver, CO 80202

Re: Case No. GS-17-171

Dear Mr. Scobel:

On November 14-18, 2016 Public Service Commission staff conducted an audit of the gas pipeline safety records for the jurisdictional natural gas gathering and transmission system in North Dakota operated by the Caliber North Dakota LLC. As a result of that inspection, probable violation(s) were identified.

***Respond, in the manner specified in the Response Options section of the NOPV, within 30 days of the date you receive this Notice of Proposed Violation.***

If you have any further questions or require additional information, please contact me.

Sincerely,

Craig Reamann, Manager  
ND Gas Pipeline Safety Program  
701-934-3830

Enclosure

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

**Public Service Commission  
Caliber North Dakota LLC.  
Pipeline Safety Enforcement**

**Case No. GS-17-171**

**NOTICE OF PROBABLE VIOLATION(S)**

**April 27, 2017**

Under North Dakota Century Code section 49-02-01.2, Public Service Commission staff conducted an audit of the Caliber North Dakota LLC. (Caliber) gas pipeline safety records. Probable violation(s) of the Public Service Commission's (Commission's) gas pipeline safety regulations were identified.

**DATE OF AUDIT:**

November 14-18, 2016

**TYPE OF AUDIT:**

Standard Records

**LOCATION OF AUDIT:**

**Hay Butte Facility  
Alexander, ND**

**PSC STAFF:**

Aaron Morman, Inspector

**OPERATOR'S AUDIT CONTACT PERSON:**

Skip Vest  
720-684-4388

## **PROBABLE VIOLATION NO. 1**

### **AUDIT FINDINGS:**

Respondent did not provide cathodic protection for their Hay Butte Residue to Northern Border Line within 1 year of completion of construction as is required.

### **PIPELINE SAFETY REGULATION IN EFFECT AT TIME OF PROBABLE VIOLATION:**

49CFR 192.455 External corrosion control: Buried or submerged pipelines installed after July 31, 1971.

192.455(a) Except as provided in paragraphs (b), (c), and (f) of this section, each buried or submerged pipeline installed after July 31, 1971, must be protected against external corrosion, including the following:

(2) It must have a cathodic protection system designed to protect the pipeline in accordance with this subpart, installed and placed in operation within 1 year after completion of construction.

### **EVIDENCE:**

During the November 14-18, 2016 audit, the records that the Respondent provided did not prove compliance with 49 CFR 192.455(a)(2).

- Hay Butte Gas Plant Daily- April 15 email dated: April 16, 2014
- Cathodic Protection Systems Commissioning Report, Matcor, Inc. Dated: January 11, 2016 (October 2015 Initial Testing document)

### **PROPOSED CIVIL PENALTY**

Proposed Civil Penalty: \$8,600.00.

Under 49-07-05.1, any person who violates a rule or order of the commission pursuant to section 49-02-01.2 is subject to a civil penalty to be imposed by the commission of not to exceed two hundred thousand dollars for each violation for each day that the violation continues, except that the maximum penalty may not exceed two million dollars for any related series of violations.

### **COMPLIANCE ACTION:**

By August 1, 2017, provide to the Commission, documentation of the results of a Close Interval Survey (CIS) of the Hay Butte Residue to Northern Border Line verifying there is no corrosion or anomalies that affect the integrity of the pipeline.

## **PROBABLE VIOLATION NO. 2**

### **AUDIT FINDINGS:**

Respondent did not provide cathodic protection for their Ponderosa Class 3 Segment gas pipeline within 1 year of completion of construction as is required.

### **PIPELINE SAFETY REGULATION IN EFFECT AT TIME OF PROBABLE VIOLATION:**

49CFR 192.455 External corrosion control: Buried or submerged pipelines installed after July 31, 1971.

192.455(a) Except as provided in paragraphs (b), (c), and (f) of this section, each buried or submerged pipeline installed after July 31, 1971, must be protected against external corrosion, including the following:

(2) It must have a cathodic protection system designed to protect the pipeline in accordance with this subpart, installed and placed in operation within 1 year after completion of construction.

**EVIDENCE:**

During the November 14-18, 2016 audit, the records that the Respondent provided did not prove compliance with 49 CFR 192.455(a) (2).

- Class 3 Daily Commissioning Date document, dated October 2, 2014
- Cathodic Protection Systems Commissioning Report, Matcor, Inc. Dated: January 11, 2016 (October 2015 Initial Testing document)

**PROPOSED CIVIL PENALTY**

Proposed Civil Penalty: \$500.00.

Under 49-07-05.1, any person who violates a rule or order of the commission pursuant to section 49-02-01.2 is subject to a civil penalty to be imposed by the commission of not to exceed two hundred thousand dollars for each violation for each day that the violation continues, except that the maximum penalty may not exceed two million dollars for any related series of violations

**COMPLIANCE ACTION:**

By August 1, 2017, provide to the Commission, documentation of the results of a Close Interval Survey (CIS) of the Ponderosa Class 3 Segment gas pipeline verifying there is no corrosion or anomalies that affect the integrity of the pipeline.

## RESPONSE OPTIONS

Within 30 days of receipt of a notice of probable violation, the respondent must answer to:

Craig Reamann, Program Manager  
ND Gas Pipeline Safety Program  
600 E. Boulevard, Dept. 408  
Bismarck, ND 58505-0480

The respondent must answer in the following manner:

- (a) When the notice contains a proposed civil penalty--
  - (1) If the respondent is not contesting an allegation of probable violation, pay the proposed civil penalty by certified check or money order made payable to "North Dakota Public Service Commission," and advise the Manager of the payment. The payment authorizes the Commission to make a finding of violation and to issue a final order.
  - (2) If the respondent is not contesting an allegation of probable violation but wishes to submit a written explanation, information, or other materials the respondent believes may warrant mitigation or elimination of the proposed civil penalty, the respondent may submit such materials. This authorizes the Commission to make a finding of violation and to issue a final order.
  - (3) If the respondent is contesting one or more allegations of probable violation but is not requesting a hearing, the respondent may submit a written response in answer to the allegations; or
  - (4) The respondent may request an informal hearing with the Program Manager.
- (b) When the notice contains a proposed compliance order--
  - (1) If the respondent is not contesting an allegation of probable violation, agree to the proposed compliance order. This authorizes the Commission to make a finding of violation and to issue a final order.
  - (2) Request the execution of a consent order under.
  - (3) If the respondent is contesting one or more of the allegations of probable violation or compliance terms, but is not requesting an informal hearing with the Program Manager, the respondent may object to the proposed compliance order and submit written explanations, information, or other materials in answer to the allegations in the notice of probable violation; or
  - (4) The respondent may request an informal hearing with the Program Manager.
- (c) Before or after responding in accordance with paragraph (a) or, when applicable paragraph (b) the respondent may request a copy of the violation report from the Program Manager. The Program Manager will provide the violation report to the respondent within five business days of receiving a request.
- (d) Failure to respond in accordance with paragraph (a) or, when applicable paragraph (b) constitutes a waiver of the right to contest the allegations in the notice of probable

violation and authorizes the Commission, without further notice to the respondent, to find the facts as alleged in the notice of probable violation and to issue a final order.

(e) All materials submitted by operators in response to enforcement actions may be placed on publicly accessible Web sites. A respondent seeking confidential treatment for any portion of its responsive materials must submit an application under North Dakota Administrative Code chapter 69-02-09.

### **COMMISSION ACTION**

The Commission may issue an order without hearing if the operator contests a probable violation, contests a proposed compliance order, or contests a proposed civil penalty but does not request a hearing.

The Commission may issue an order after hearing.

A Commission order may:

- (a) Require the operator to complete compliance actions;
- (b) Impose a civil penalty; and
- (c) Suspend operation of the pipeline system.