

JULY 27, 2012

Mr. Clark Smith
President & Chief Executive Officer
Buckeye Partners, L.P.
One Greenway Plaza
Suite 600
Houston, TX 77046

Re: CPF No. 1-2011-5013

Dear Mr. Smith:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken by Buckeye Partners, L.P. to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Eastern Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Thomas S. (Scott) Collier, Vice President, Performance Assurance & Asset Integrity
Buckeye Partners, LP – 5 Tek Park, 9999 Hamilton Blvd., Breinigsville, PA 18031
Mr. Byron Coy, Director, Eastern Region, PHMSA
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, PHMSA

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of)

Buckeye Partners, L.P.,)

Respondent.)

CPF No. 1-2011-5013

FINAL ORDER

On July 23, 2009, the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS) received a notification through the Integrity Management Database (Notification #365) from Buckeye Partners, L.P. (BPL or Respondent) regarding a dent located on the top portion of its PY742PL pipeline that met the regulatory criteria for immediate repair. On September 9, 2010, BPL applied for a Special Permit to waive compliance with the regulatory requirement for immediate repair.¹ On September 14, 2011, PHMSA denied BPL's request for a Special Permit. BPL did not make immediate repairs. BPL's PY742PL pipeline runs from Paulsboro, New Jersey and crosses the Delaware River to the Philadelphia, Pennsylvania Airport, a High Consequence Areas (HCAs).² BPL owns and operates approximately 6,000 miles of pipelines transporting refined petroleum products and highly volatile liquids.³ Approximately 3,558 of those pipeline miles are in or could affect HCAs and are covered by BPL's integrity management program.

As a result of BPL's failure to make immediate repairs, the Director, Eastern Region, PHMSA, (Director), issued to Respondent, by letter dated December 29, 2011, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of 49 C.F.R. Part 195 and proposed ordering Respondent to take certain measures to correct the alleged violations.

¹ See Special Permit Docket # PHMSA 2010-0261.

² An HCA is defined as: (1) a *commercially navigable waterway*, which means a waterway where a substantial likelihood of commercial navigation exists; (2) a *high population area*, which means an urbanized area, as defined and delineated by the Census Bureau, that contains 50,000 or more people and has a population density of at least 1,000 people per square mile; (3) an *other populated area*, which means a place, as defined and delineated by the Census Bureau, that contains a concentrated population, such as an incorporated or unincorporated city, town, village, or other designated residential or commercial area; and (4) an *unusually sensitive area*, as defined in § 195.6. 49 C.F.R. § 195.450.

³ <http://www.buckeye.com/BusinessOperations/tabid/56/Default.aspx> and <http://www.buckeye.com/AboutUs/tabid/54/Default.aspx> (last accessed on June 22, 2012).

BPL responded to the Notice by letter dated January 27, 2012 (Response). The company did not contest the allegations of violation but provided information concerning the corrective actions it will take. Respondent did not request a hearing and therefore has waived its right to one.

FINDINGS OF VIOLATION

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.452(h)(4)(i)(D), which states:

§ 195.452 Pipeline integrity management in high consequence areas.

(h) What actions must an operator take to address integrity issues?

(1)

(4) Special requirements for scheduling remediation —(i) Immediate repair conditions. An operator’s evaluation and remediation schedule must provide for immediate repair conditions. To maintain safety, an operator must temporarily reduce operating pressure or shut down the pipeline until the operator completes the repair of these conditions. An operator must calculate the temporary reduction in operating pressure using the formula in Section 451.6.2.2 (b) of ANSI/ASME B31.4 (incorporated by reference, see § 195.3). An operator must treat the following conditions as immediate repair conditions:

(A) ...

(D) A dent located on the top of the pipeline (above the 4 and 8 o’clock positions) with a depth greater than 6% of the nominal pipe diameter.

The Notice alleged that Respondent violated § 195.452(h)(4)(i)(D) by failing to remediate an immediate repair condition, and by failing to temporarily reduce operating pressure or shut down the pipeline until the repair had been completed. Specifically, the Notice alleged that BPL failed to reduce the pressure or shut down its PY742PL pipeline until it repaired an 8.2% deep dent located on the top of the pipeline. On July 23, 2009, BPL notified PHMSA that an ILI report indicated that a dent, an immediate repair condition, had been found on its PY742PL pipeline, about 75 feet off the north bank of the Delaware River.⁴ Per § 195.452, BPL was required to schedule an immediate repair. Instead, on September 9, 2010, over a year later, BPL requested a special permit to waive this requirement. On September 14, 2011, PHMSA denied BPL’s request for a Special Permit to waive the regulatory requirement for immediate repair.⁵

⁴ Section 195.452(h)(4)(i)(B) defines an “immediate repair condition” as a condition where a “calculation of the remaining strength of the pipe shows a predicted burst pressure less than the established maximum operating pressure at the location of the anomaly.” Section 195.452(h)(4)(iii)(D) defines a “180-day condition” as a condition where a “calculation of the remaining strength of the pipe shows an operating pressure that is less than the current established maximum operating pressure at the location of the anomaly.”

⁵ Buckeye Request for Special Permit dated September 9, 2010, Violation Report at Exhibit A-4.

Therefore, BPL was required to bring the PY742PL pipeline into compliance. Respondent did not take immediate action to reduce operating pressure or shut down its PY742PL pipeline and stated that it would replace the line by the end of 2012.⁶

In its Response, Respondent did not contest the allegation in the Notice that it failed to reduce the pressure or shut down the PY742PL pipeline until repair of the dent but expressed its intent to comply with the proposed compliance order.⁷ BPL stated that it plans to install a replacement control valve and related equipment to better protect the pipeline from pressure surges.

Pipeline operators are obligated to take immediate action including temporarily reducing operating pressure or shutting down a line until repairs can be made when anomalies meeting the criteria for immediate repair conditions are identified in the course of an integrity assessment. Respondent failed to reduce the pressure or shut down the pipeline until an immediate repair condition was repaired as required by § 195.452(h)(4)(i)(D). The failure to do so can have direct safety impacts. Accordingly, having reviewed the record, I find that Respondent violated 49 C.F.R. § 195.452(h)(4)(i)(D).

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.575(a)-(e), which states:

§ 195.575 Which facilities must I electrically isolate and what inspections, tests, and safeguards are required?

(a) You must electrically isolate each buried or submerged pipeline from other metallic structures, unless you electrically interconnect and cathodically protect the pipeline and the other structures as a single unit.

(b) You must install one or more insulating devices where electrical isolation of a portion of a pipeline is necessary to facilitate the application of corrosion control.

(c) You must inspect and electrically test each electrical isolation to assure the isolation is adequate.

(d) If you install an insulating device in an area where a combustible atmosphere is reasonable to foresee, you must take precautions to prevent arcing.

(e) If a pipeline is in close proximity to electrical transmission tower footings, ground cables, or counterpoise, or in other areas where it is reasonable to foresee fault currents or an unusual risk of lightning, you must protect the pipeline against damage from fault currents or lightning and take protective measures at insulating devices.

⁶ Buckeye's Special Permit application (PHMSA 2010-0261), dated September 9, 2010, included an engineering analysis final report on the dent. *Pipeline Safety Violation Report CPF 1-2011-5013 (Violation Report)* at Exhibit A-1.

⁷ Response at 1.

The Notice alleged that Respondent violated § 195.575 (a)-(e) by failing to electrically isolate, inspect, and test the pipeline and failing to take protective measures at insulating devices against damage from fault currents or lightning. Specially, the Notice alleged that cathodic protection tests on Respondent's PY742PL pipeline and casing indicated a metallic short since February 18, 2011.⁸

In its Response, Respondent did not contest the allegation in the Notice but expressed its intent to comply with the proposed compliance order.⁹ BPL stated that, after acquiring all of the appropriate permits, it will install a new river crossing by the directional drill method and abandon the dented pipe section under the river. Accordingly, after considering all the evidence, I find that Respondent violated 49 C.F.R. § 195.575(a)-(e) by failing to electrically isolate, inspect, and test the pipeline and failing to take protective measures at insulating devices against damage from fault currents or lightning.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1 and 2 in the Notice for violations of 49 C.F.R. §§ 195.452(h)(4)(i)(D), and 195.575(a)-(e), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.452(h)(4)(i)(D), **(Item 1)**, Respondent must verify that the replacement control valve is installed correctly on the PY742PL pipeline and that the set point is adjusted to protect the integrity of the pipeline from pressure surges. Respondent must demonstrate to the Director that the replacement control valve is correctly installed on the PY742PL pipeline within 30 days of receipt of this Final Order.
2. With respect to the violation of § 195.452(h)(4)(i)(D), **(Item 1)**, Respondent must complete the repair of the subject dent on PY742PL pipeline within 18 months of receipt of this Final Order. The repair must be performed in accordance with § 195.422 and BPL's Operation and Maintenance Manual, as appropriate. Respondent must demonstrate to the Director that this repair is complete.
3. With respect to the violation of § 195.575 **(Item 2)**, Respondent must bring its PY742PL pipeline into compliance with § 195.575, within 18 months of receipt of this Final Order.

⁸ Buckeye Partners Letter of Decision with Buckeye Partners Special Permit Analysis and Findings, Docket # PHMSA 2010-0261, Violation Report at Exhibit A-5.

⁹ Response at 2.

4. Buckeye Partners, L.P. must commence periodic shut-in integrity tests on its PY742PL pipeline. Respondent must perform the tests at least once every sixteen (16) days. The initial test must be performed within 30 days of receipt of this Final Order. Buckeye must continue to perform these shut-in integrity tests until items 2 and 3 above are completed. These tests must include, but is not limited to:
 - a. Suspending operation at a moderate pressure level for one (1) hour and documenting the pressure over that interval; and
 - b. Analyzing any pressure variations that occurred during that one (1) hour interval.
5. Buckeye Partners, L.P. must complete all the above items within the stipulated timeframe unless Buckeye abandons this portion of the pipeline. Respondent may abandon this portion of the pipeline in accordance to § 195.402(c)(10) and Buckeye's Operation and Maintenance Manual, as appropriate. After Buckeye has abandoned this portion of the pipeline, Buckeye will no longer be required to comply with this Compliance Order.
6. Regarding the above items, Buckeye Partners, L.P. must make all related records and procedures available for review by the Director, upon request.
7. After receipt of this Final Order, Buckeye Partners, L.P. must submit quarterly summary reports detailing the actions taken regarding the above Items, with supporting documentation to the Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration, 820 Bear Tavern Rd, Suite 103, West Trenton, NJ 08628. Please reference CPF# 1-2011-5013 in the title of the quarterly summary reports.
8. Buckeye Partners, L.P. is requested (not mandated) to maintain documentation of the safety improvement and compliance costs associated with fulfilling this Compliance Order and submit the total to Byron Coy, Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs 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 physical changes to the pipeline infrastructure.

The Director may grant an extension of time to comply with the required item upon a written request timely submitted by the Respondent demonstrating good cause for an extension.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$100,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of this Final Order by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.215. Unless the Associate Administrator, upon request, grants a stay, the terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued