



U.S. Department
Of Transportation
**Pipeline and
Hazardous Materials
Safety Administration**

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.989.2171

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

OVERNIGHT EXPRESS DELIVERY

September 29, 2015

Mr. Peter Pirog
Vice President & General Manager
MIPC, LLC
920 Cherry Tree Road
Aston, Pennsylvania 19014

CPF 1-2015-5017

Dear Mr. Pirog:

From April 21 through April 25, 2014, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected MIPC, LLC's (MIPC) facility in Aston, Pennsylvania.

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 violation(s) are:

- 1. §195.452 Pipeline integrity management in high consequence areas.**
 - (h) What actions must an operator take to address integrity issues?**
 - (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:**

MIPC failed to temporarily reduce operating pressure or shut down the pipeline until the operator completed the repair of immediate repair conditions within an HCA or could-affect an HCA.

During the inspection, the PHMSA inspector reviewed MIPC's integrity management plan and corresponding records. The PHMSA inspector reviewed ILI assessment data for pipelines 208/308, ILI completed on 11/27/2012, and pipeline 408, ILI completed on 12/3/2012. Three immediate repair conditions were subsequently identified and repaired as follows:

- a. Line 408, one immediate repair condition – discovered August 27, 2013 and repaired on August 29, 2013.
- b. Lines 208/308, two immediate repair conditions – discovered September 30, 2013 and repaired on October 7, 2013 (defect number 38289) and October 9, 2013 (defect number 112749).

The PHMSA inspector asked MIPC personnel if they took a pressure reduction when the immediate repair conditions were discovered. MIPC's Maintenance Lead stated that they did not because it was MIPC's understanding that a pressure reduction was not required if the immediate repair condition was repaired within 5 days. The repair on Line 408 was completed 2 days after discovery. The repairs on Lines 208/308 were completed 7 days (defect number 38289) and 9 days (defect number 112749) after discovery.

2. §195.452 Pipeline integrity management in high consequence areas.

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

(2) Discovery of condition. Discovery of a condition occurs when an operator has adequate information about the condition to determine that the condition presents a potential threat to the integrity of the pipeline. An operator must promptly, but no later than 180 days after an integrity assessment, obtain sufficient information about a condition to make that determination, unless the operator can demonstrate that the 180-day period is impracticable.

MIPC failed to promptly obtain sufficient information to make the determination that a condition presents a threat to the integrity of the pipeline within an HCA or could-affect an HCA.

During the inspection, the PHMSA inspector reviewed MIPC's integrity management plan and corresponding records. The PHMSA Inspector asked MIPC what was the date the latest ILI integrity assessments were completed. MIPC's Maintenance Lead provided a hand-written list of pipelines that showed that the ILI tool runs for lines 208/308 and 408 were completed on 11/27/2012 and 12/3/2012 respectively.

The PHMSA inspector then asked MIPC when they made discovery of anomalies from these ILI tool runs. MIPC produced two emails – one dated August 27, 2013 for pipeline 408; and the other dated September 30, 2013 for pipelines 208/308. The emails were sent from the ILI contractor that interpreted the data from the ILI tool runs. MIPC's Maintenance Lead stated that these emails were MIPC's official discovery of repair conditions on the pipelines.

- a. Pipeline 408 had a tool run on 12/3/2012 and had a discovery date of 8/27/2013, or 267 days until discovery. This exceeds the maximum of 180 days as per 195.452(h)(2).
- b. Pipelines 208/308 had a tool run on 11/27/2012 and had a discovery date of 9/30/2013, or

307 days until discovery. This exceeds the maximum of 180 days as per 195.452(h)(2). The operator failed to show that the 180-day period was impracticable for these ILI tool runs.

3. §195.432 Inspection of in-service breakout tanks.

(a) Except for breakout tanks inspected under paragraphs (b) and (c) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, inspect each in-service breakout tank.

MIPC failed to inspect each in-service breakout tanks at intervals not exceeding 15 months.

During the inspection, the PHMSA inspector reviewed procedures and records related to the inspection of in-service breakout tanks. MIPC's procedure F-37 – Aboveground Tanks (In-Service), issued 12/11 and reviewed 1/31/2014, states in Section 2 that MIPC will use Form A (Annual Tank Inspection Report Form) to record the information from the annual tank inspection.

The PHMSA inspector reviewed the annual tank inspection forms from 2012 and 2013 for twelve breakout tanks.

- a. In 2012, all 12 tanks were inspected on 3/15/2012.
- b. In 2013, the tanks were inspected starting on 9/23/2013 and ending on 10/19/2013.
- c. All 12 inspections conducted in 2013 exceeded the 15 month inspection interval. The 2013 inspections were due no later than 6/15/2013.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$110,300 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$46,000
2	\$46,000
3	\$18,300

Proposed Compliance Order

With respect to item 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to MIPC, LLC. 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. All material you submit in response to this enforcement action may be 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 1-2015-5017** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Byron Coy, PE
Director, Eastern 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 MIPC, LLC (MIPC) a Compliance Order incorporating the following remedial requirements to ensure the compliance of MIPC with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to MIPC failing to temporarily reduce operating pressure or shut down the pipeline to maintain safety when an immediate repair condition is discovered, MIPC must revise their Integrity Management Plan (IMP) and procedures to address the pressure reduction or pipeline shut down requirements of §195.452(h)(4)(i).
2. MIPC must submit the revised IMP procedures stipulated in Item 1 of this Compliance Order to the Region Director within 90 days of receipt of the Final Order.
3. It is requested (not mandated) that MIPC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Byron Coy, PE, 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 changes to pipeline infrastructure.