



U.S. Department  
of Transportation

**Pipeline and  
Hazardous Materials Safety  
Administration**

233 Peachtree Street Ste. 600  
Atlanta, GA 30303

## NOTICE OF AMENDMENT

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 18, 2007

Mr. Dan McCunn  
General Manager, East Terminals  
Vopak Terminals, South Wilmington Pipeline  
Canada Inc.  
5378 est, rue Notre Dame  
Montreal, Que. H1M 2C4

**CPF 2-2007-6007M**

Dear Mr. McCunn:

On November 28 - 30, 2005, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected South Wilmington (SW) Pipeline procedures for Operations and Maintenance in Wilmington, North Carolina.

PHMSA completed the initial draft report for this inspection in December 2005. As a result, on December 29, 2005, PHMSA sent South Wilmington (SW) a "request for information" (RFI) letter to address procedure issues. On March 14, 2006 PHMSA received response materials from South Wilmington which included revised (1/31/2006 revision 3) sections of South Wilmington's procedures. PHMSA has completed its review of these materials. On the basis of this review, PHMSA has identified the apparent inadequacies found within South Wilmington's procedures, as described below:

1. **§195.56 Filing safety-related condition reports.**
  - (b) **The report must be headed "Safety-Related Condition Report" and provide the following information:**
    - (5) **Date condition was discovered and date condition was first determined to exist.**
    - (6) **Location of condition, with reference to the State (and town, city, or county) or number, milepost, landmark, or name of pipeline.**

**(7) Description of the condition, including circumstances leading to its discovery, any significant effects of the condition on safety, and the name of the commodity transported or stored.**

**(8) The corrective action taken (including reduction of pressure or shutdown) before the report is submitted and the planned follow-up or future corrective action, including the anticipated schedule for starting and concluding such action.**

In section 6.3.2B of SW's O&M manual, sections addressing 195.56(b) (5-8) were missing.

**2. §195.214 Welding procedures.**

**(a) Welding must be performed by a qualified welder in accordance with welding procedures qualified under Section 5 of API 1104 or Section IX of the ASME Boiler and Pressure Vessel Code (incorporated by reference, see § 195.3). The quality of the test welds used to qualify the welding procedure shall be determined by destructive testing.**

**(b) Each welding procedure must be recorded in detail, including the results of the qualifying tests. This record must be retained and followed whenever the procedure is used.**

Welding procedures requiring qualification in accordance with API or ASME along with specific sections and editions are missing.

Welding procedures must be "recorded" in detail "including results of qualifying tests" The SW procedures only specifies that destructive tests (not qualifying) should be available whenever procedure is in use.

**3. §195.222 Welders: Qualification of welders.**

**(a) Each welder must be qualified in accordance with section 6 of API 1104 (incorporated by reference, see §195.3) or section IX of the ASME Boiler and Pressure Vessel Code, (incorporated by reference, see §195.3) except that a welder qualified under an earlier edition than listed in §195.3 may weld but may not re-qualify under that earlier edition.**

**(b) No welder may weld with a welding process unless, within the preceding 6 calendar months, the welder has—**

**(1) Engaged in welding with that process; and**

**(2) Had one welded tested and found acceptable under section 9 of API 1104 (incorporated by reference, see §195.3).**

The SW's procedures do not adequately address this regulation.

**4. §195.226 Welding: Arc burns.**

**(a) Each arc burn must be repaired.**

**(b) An arc burn may be repaired by completely removing the notch by grinding, if the grinding does not reduce the remaining wall thickness to less than the**

**minimum thickness required by the tolerances in the specification to which the pipe is manufactured. If a notch is not repairable by grinding, a cylinder of the pipe containing the entire notch must be removed.**

**(c) A girth weld may not be welded to the pipe or fitting that is being welded.**

SW's procedures do not address regulation sections (a) and (c). In addition, the procedures do not address verification of removal of arc burns by NDT and removal of pipe section when the notch is not repairable by grinding.

**5. §195.228 Welds and welding inspection: Standards of acceptability.**

**(a) Each weld and welding must be inspected to insure compliance with the requirements of this subpart. Visual inspection must be supplemented by nondestructive testing.**

**(b) The acceptability of a weld is determined according to the standards in Section 9 of API 1104. However, if a girth weld is unacceptable under those standards for a reason other than a crack, and if Appendix A to API 1104 (incorporated by reference, see § 195.3) applies to the weld, the acceptability of the weld may be determined under that appendix.**

SW's procedures do not adequately address this regulation.

**6. §195.234 Welds: Nondestructive testing.**

**(b) Any nondestructive testing of welds must be performed—**

- (1) In accordance with a written set of procedures for nondestructive testing; and**
- (2) With personnel that have been trained in the established procedures and in the use of the equipment employed in the testing.**

SW's procedures do not adequately address this regulation sections (b) (1) and (b) (2).

**7. §195.230 Welds: Repair or removal of defects.**

**(a) Each weld that is unacceptable under §195.228 must be removed or repaired. Except for welds on an offshore pipeline being installed from a pipe lay vessel, a weld must be removed if it has a crack that is more than 8 percent of the weld length.**

**(b) Each weld that is repaired must have the defect removed down to sound metal and the segment to be repaired must be preheated if conditions exist which would adversely affect the quality of the weld repair. After repair, the segment of the weld that was repaired must be inspected to ensure its acceptability.**

**(c) Repair of a crack, or of any defect in a previously repaired area must be in accordance with written weld repair procedures that have been qualified under §195.214. Repair procedures must provide that the minimum mechanical properties specified for the welding procedure used to make the original weld are met upon completion of the final weld repair.**

SW's procedures do not adequately address this regulation.

8. **§195.302 General requirements.**  
**(a) Except as otherwise provided in this section and in §195.305(b), no operator may operate a pipeline unless it has been pressure tested under this subpart without leakage. In addition, no operator may return to service a segment of pipeline that has been replaced, relocated, or otherwise changed until it has been pressure tested under this subpart without leakage.**

SW's procedures do not adequately address this regulation.

9. **§195.305 Testing of components.**  
**(a) Each pressure test under §195.302 must test all pipe and attached fittings, including components, unless otherwise permitted by paragraph (b) of this section.**

Operator makes general statement "under Testing of Components" section indicating all pipe and attached fittings, including components are required to be tested. SW procedures do not require testing in accordance with 49CFR part 195.302.

10. **§195.402 Procedural manual for operations, maintenance, and emergencies.**  
**(c) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:**  
**(7) Starting up and shutting down any part of the pipeline system in a manner designed to assure operation within the limits prescribed by paragraph §195.406, consider the hazardous liquid or carbon dioxide in transportation, variations in altitude along the pipeline, and pressure monitoring and control devices.**  
**(10) Abandoning pipeline facilities, including safe disconnection from an operating pipeline system, purging of combustibles, and sealing abandoned facilities left in place to minimize safety and environmental hazards. For each abandoned offshore pipeline facility or each abandoned onshore pipeline facility that crosses over, under or through commercially navigable waterways the last operator of that facility must file a report upon abandonment of that facility in accordance with §195.59 of this part.**  
**(11) Minimizing the likelihood of accidental ignition of vapors in areas near facilities identified under paragraph (c)(4) of this section where the potential exists for the presence of flammable liquids or gases.**

SW did not provide detailed startup shutdown procedures. SW procedures do not adequately address regulation section (c) (10) or minimization of accidental ignition for immediate response areas.

11. **§195.420 Valve maintenance.**  
**(a) Each operator shall maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times.**

SW's procedures do not adequately address this regulation.

12. **§ 195.555 What are the qualifications for supervisors?**  
You must require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under §195.402(c)(3) for which they are responsible for insuring compliance.

SW's procedures do not adequately address this regulation.

13. **§195.559 What coating material may I use for external corrosion control?**  
Coating material for external corrosion control under §195.557 must –
- (a) Be designed to mitigate corrosion of the buried or submerged pipeline;
  - (b) Have sufficient adhesion to the metal surface to prevent under film migration of moisture;
  - (c) Be sufficiently ductile to resist cracking;
  - (d) Have enough strength to resist damage due to handling and soil stress;
  - (e) Support any supplemental cathodic protection; and
  - (f) If the coating is an insulating type, have low moisture absorption and provide high electrical resistance.

SW's procedures do not adequately address this regulation. SW did provide procedures on type of coating to be used on new pipe, dependent on temperature conditions.

14. **§195.561 When must I inspect pipe coating used for external corrosion control?**
- (a) You must inspect all external pipe coating required by §195.557 just prior to lowering the pipe into the ditch or submerging the pipe.
  - (b) You must repair any coating damage discovered.

SW's procedures do not adequately address this regulation.

15. **§195.567 Which pipelines must have test leads and what must I do to install and maintain the leads?**
- (b) *Installation.* You must install test leads as follows:
- (1) Locate the leads at intervals frequent enough to obtain electrical measurements indicating the adequacy of cathodic protection.
  - (2) Provide enough looping or slack so backfilling will not unduly stress or break the lead and the lead will otherwise remain mechanically secure and electrically conductive.
  - (3) Prevent lead attachments from causing stress concentrations on pipe.
  - (4) For leads installed in conduits, suitably insulate the lead from the conduit.
  - (5) At the connection to the pipeline, coat each bared test lead wire and bared metallic area with an electrical insulating material compatible with the pipe coating and the insulation on the wire.
- (c) *Maintenance.* You must maintain the test lead wires in a condition that enables you to obtain electrical measurements to determine whether cathodic protection complies with § 195.571.

Although SW procedures indicate a contractor will install test leads, SW is ultimately responsible for the adequacy and effectiveness of the test leads. SW procedures should identify how it will establish effective test lead spacing and how it will maintain the test leads.

16. **§195.571 What criteria must I use to determine the adequacy of cathodic protection?**  
**Cathodic protection required by this subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE Standard RP 0169 (incorporated by reference, see § 195.3).**

SW's procedures do not adequately address with this regulation. In addition, SW's procedures specified that cathodic protection for the company's buried pump station piping will be in accordance with Exxon Mobil global practices.

17. **§195.573 What must I do to monitor external corrosion control?**  
**(a) Protected pipelines. You must do the following to determine whether cathodic protection required by this subpart complies with §195.571:**  
**(2) Identify not more than 2 years after cathodic protection is installed, the circumstances in which a close-interval survey or comparable technology is practicable and necessary to accomplish the objectives of paragraph 10.1.1.3 of NACE Standard RP 0169 (incorporated by reference, see § 195.3).**  
**(e) Corrective action. You must correct any identified deficiency in corrosion control as required by §195.401(b). However, if the deficiency involves a pipeline in an integrity management program under § 195.452, you must correct the deficiency as required by §195.452(h).**

SW's procedures do not adequately address regulation section (a) (2) and (e).

18. **§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.**  
**(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.**

SW's procedures do not adequately address regulation section (a) (d) and (e).

19. **§195.581 Which pipelines must I protect against atmospheric corrosion and what coating material may I use?**  
**(b) Coating material must be suitable for the prevention of atmospheric corrosion.**

SW's procedures do not adequately address this regulation.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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. Be advised that all material you submit in response to this enforcement action is subject to being 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 45 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF 2-2007-6007M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



Linda Daugherty  
Director, Southern Region  
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*