

## WARNING LETTER

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 8, 2012

Mr. Kevin Bodenhamer  
Senior Vice President of Liquid Pipeline Operations  
Dixie Pipeline Company, LLC  
1100 Louisiana Street  
Houston, Texas 77002

**CPF 2-2012-5003W**

Dear Mr. Bodenhamer:

From March 21 - 24, April 11- 15, May 2 - 6, May 9 - 12, May 23 - 27, June 13 - 16, June 27- July 1, July 18 - 21, August 8 - 11, September 5 - 8, and October 6, 2011, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected the Dixie Pipeline Company (Dixie) written procedures, integrity management program records, operations & maintenance (O&M) records, and facilities in Alabama, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Texas pursuant to Chapter 601 of 49 United States Code.

As a result of the inspection, it appears that (Dixie) has committed probable violations of the Pipeline Safety Regulations, in Title 49 of the Code of Federal Regulations. The items inspected and the probable violations are as follows:

1. **§195.428 Overpressure safety devices and overfill protection systems.**
  - (a) **Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.**

Dixie did not inspect the Trenton Station overpressure safety devices at intervals not to exceed 7½ months. Dixie inspected the overpressure safety devices at Trenton Station on September 3, 2010, and then on April 21, 2011, exceeding 7½ months by three days.

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.

Dixie did not obtain sufficient information to make a determination of discovery within 180 days after completing the 2010 Opelika to Albany integrity assessment.

Dixie completed the Opelika to Albany inline inspection (ILI) integrity assessment on February 10, 2010, but did not obtain sufficient information to establish the “discovery date” until August 30, 2010. Dixie requested the ILI vendor to review and revise its data for the ILI run on June 22, 2010, and then worked with the vendor until it obtained a revised final report on August 24, 2010. Dixie exceeded the required date by 21 days.

3. **§195.452 Pipeline integrity management in high consequence areas.**

... (f) *What are the elements of an integrity management program? An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:*

... (3) **An analysis that integrates all available information about the integrity of the entire pipeline and the consequences of a failure (see paragraph (g) of this section);**

Dixie did not properly perform the 2011 risk analysis (completed on March 23, 2011) for the Milner to Norwood section of the Dixie pipeline. Dixie did not include in the risk analysis a Direct Affect High Population Area (HPA) High Consequence Area (HCA) from mile post 773.97 to 776.0 that it had established on March 11, 2011. When this was identified during the PHMSA inspection, Dixie personnel performed the risk analysis again and included the HCA. Dixie had previously assessed the HCA during its baseline assessment.

4. **§195.404 Maps and records.**

... (c) **Each operator shall maintain the following records for the periods specified:**

... (3) **A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.**

Dixie did not properly maintain the records for the overpressure protection and safety device inspections and tests for its Stegall Injection Station, Baker Station, and Mount Hermon Station.

Dixie did not properly maintain records for the inspections and tests of the overpressure protection and safety devices for three of its stations as noted below:

- Stegall Injection: Dixie placed Stegall Injection in service in 2009 but did not document the inspection of overpressure protection and safety devices until April 2010. Dixie personnel stated that they had reviewed the construction and pre-commissioning tests but could not locate the records for the inspections and tests of the overpressure protection and safety devices in the construction job books or in Dixie's records.
- Baker Station: Dixie's September 23, 2008, overpressure protection inspection record for the Baker Station "Station High Discharge Switch" had a set-point of 1320 psi recorded on the form. The set-point was more than 10% above the reduced Maximum Operating Pressure (MOP) in effect at that time from Corrective Action Order (CAO) 2-2007-5100H. That said, Dixie's records for the prior inspections on March 31, 2008, and on March 30, 2009, had handwritten notes with the correct set-points shown. Moreover, the PHMSA inspector reviewed Dixie's pressure discharge records for September 23, 2008, to March 30, 2009, and found that Dixie had operated the pipeline within the reduced MOP.
- Mount Hermon Station: Dixie's April 2, 2008, overpressure protection inspection record for the Mount Hermon "Station High Discharge Switch" has a set-point of 1320 psi recorded on the form. That said, Dixie's records for the subsequent September 22, 2008, inspection had a handwritten note with the correct set-point shown. Moreover, the PHMSA inspector reviewed Dixie's pressure discharge records for April 2, 2008, to September 22, 2008, and found that Dixie had operated the pipeline within the reduced MOP.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Dixie Pipeline Company being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 2-2012-5003W**. 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).

Sincerely,

Wayne T. Lemoi  
Director, Office of Pipeline Safety  
PHMSA Southern Region