



June 15, 2012

Mr. Wayne Lemoi  
Director, Southern Region, PHMSA  
Pipeline and Hazardous Materials Safety Administration  
233 Peachtree Street NE, Suite 600  
Atlanta, GA 30303

RE: CPF 2-2012-5004  
Genesis Pipeline USA, L.P. (Genesis) Audit, November 2, 2011 - February  
16, 2012  
Response to Notice of Probable Violation and Proposed Civil Penalty,  
letter dated May 21, 2012

FedEx Tracking No. 7936 8573 0048

Dear Mr. Lemoi:

A compliance evaluation was conducted by representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) on pipeline facilities operated by Genesis Pipeline USA, L.P. (Genesis) from November 2, 2011 to February 16, 2012. As a result of the evaluation several alleged compliance issues were identified relative to the Genesis Liquid Operations, Maintenance, and Emergency (LOM&E) Procedures Manual, facilities, and records management.

Genesis is addressing the identified compliance issues and proposes the following actions to mitigate the alleged probable violations.

**Item 1**

- a. Genesis will re-evaluate the 2009 and 2010 PHMSA Annual Reports for accuracy.
- b. Genesis will conduct a review of its Jurisdictional, Non-jurisdictional, and facility piping to include regulated and non-regulated gathering. The mileage associated with each regulatory type will be re-evaluated and supplemented in the current and previous annual reporting.
- c. Genesis will conduct an analysis of the High Consequence Areas (HCAs) associated with all pipeline operating areas to include transportation, non-regulated and regulated gathering systems.
- d. Genesis will conduct a review and jurisdictional determination on all tanks (Breakout, Gathering, and Terminal).

RECEIVED JUN 18 2012

## Item 2

Genesis now requires in the LOM&E, Section 2.11 external visual inspections to be conducted with an authorized inspector in compliance with API 653, Section 6.3.2.1.

Paragraph - "Routine In-Service Tank Inspections" has been amended as follows:

"[API 653 Sections 6.3.2.1] All tanks shall be given a visual external inspection by an authorized inspector. This inspection shall be called the external inspection and must be conducted at least every 5 years or  $RCA / 4 N$  years (where RCA is the difference between the measured shell thickness and the minimum required thickness in mils, and N is the shell corrosion rate in mils per year) whichever is less. Tanks may be in operation during this inspection.

An authorized inspector is a person who has satisfied the requirements of API 653 Appendix D."

Genesis Energy has also contacted an "API 653 Authorized Inspection Agency" to schedule an inspection of all the in-service tanks at the Jay Station facility. The inspections are scheduled to be completed by the 4<sup>th</sup> quarter 2012.

## Item 3

Genesis Energy Operator Qualification Program recognizes API RP 1161.

Genesis will re-train our affected technicians on coatings and application according to our Company procedures, GEN CP 41, *Coating, Selection, and Application*, and, GEN CP 44, *In Situ Coatings*. The procedures are being re-evaluated based on new manufacturer specifications and recommended practices. Until additional training is conducted the technicians' qualifications will be suspended.

## Item 4

Genesis Energy Operator Qualification Program recognizes API RP 1161.

Genesis will re-train affected technicians on repair procedures and exposed pipe inspections according to Genesis LOM&E, Section 2.14, and 2.20. In addition, the technician will cover our new procedure GEN CP 30, *Examination of Exposed Pipe*,

919 Milam, Suite 2100 • Houston, Texas 77002 • Phone: (713) 860-2500 Fax: (713) 860-2700

Section 2.2. Internal corrosion control records retention requirements are further supported in GEN INT CP 1, *Internal Corrosion Control Program*, and located in Section 3.0, *"Corrosion Control Records"*. Until additional training is conducted the technician qualifications shall be suspended.

Additionally, Genesis LOM&E Section 2.14, *Pipeline Repair, Corrosion*, has been updated to include new language as follows:

"Corrosion - Inspection of Removed Pipe

When pipe is removed from a pipeline for any reason, the internal surface of the pipe must be inspected for evidence of internal corrosion. Documentation of internal surface condition can be accomplished by using the Pipeline Maintenance Report, Form #140.

If internal corrosion requiring corrective action under 195.585 is found, the pipe in the near vicinity must also be inspected (circumferentially and longitudinally) to determine the extent of the corrosion. This examination may be visual, by indirect method, or both. A determination can then be made whether additional corrosion, requiring remedial action, exists in the vicinity of the removed pipe."

Item 5

Genesis was able to locate the inspection documentation described in the PHMSA Correspondence letter (CPF 2-2012-5004). Internal Corrosion records shall be maintained as defined in Genesis LOM&E, Section 2.2, *Records Retention Table*. Additional information is supported in GEN INT CP 1, *Internal Corrosion Control Program*, and located in Section 3.0, *Corrosion Control Records*.

Genesis procedures referenced herein shall be made available to PHMSA upon request.

Please see the attached copy of the amended sections in our LOM&E Manual for your review. We appreciate the opportunity to work with the Pipeline and Hazardous Materials Safety Administration regarding the safe operation of our pipelines.

If you have any questions or comments, please feel free to contact me directly at 713-860-2542 or by e-mail at [Jeff.Gifford@genlp.com](mailto:Jeff.Gifford@genlp.com).

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeffrey W. Gifford".

Jeffrey W. Gifford  
Vice President, HSSE

Attachment