

## NOTICE OF AMENDMENT

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 4, 2009

Mr. John Burge  
President  
Mardi Gras Pipeline  
700 Covington Ctr., Suite 2  
Covington, LA 70433

**CPF 4-2009-1006M**

Dear Mr. Burge:

On April 16 – 20, 2007, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code inspected Mardi Gras Pipeline procedures for Integrity Management in Covington, Louisiana.

As a result of the inspection, it appears that your written procedures are inadequate to assure safe operation of the pipeline as follows:

**1. §192.905(c) Newly-identified areas. When an operator has information that the area around a pipeline segment not previously identified as a high consequence area could satisfy any of the definitions in §192.903, the operator must complete the evaluation using method (1) or (2). If the segment is determined to meet the definition as a high consequence area, it must be incorporated into the operator's baseline assessment plan as a high consequence area within one year from the date the area is identified.**

Mardi Gras Pipeline must amend the IM plan Section 1.06 process and procedures for reviewing changes to the pipeline or the surrounding area in order to identify new HCAs. The currently documented process and procedures do not address the frequency of the updates or the necessary steps for identifying new development in the vicinity of the pipeline that define new HCAs.

**2. §192.919 (e). A procedure to ensure that the baseline assessment is being conducted in a manner that minimizes environmental and safety risks.**

Mardi Gras Pipeline must amend the O&M and IM plan Section 2.05 procedures that minimize environmental and safety risks. In order to perform assessments in a manner that minimizes safety and environmental risks, Mardi Gras has linked the IM plan to company O&M procedures. However, the O&M procedures that were reviewed did not adequately address employee safety or environmental risks.

**3. §192.917 (a) Threat identification. An operator must identify and evaluate all potential threats to each covered pipeline segment. Potential threats that an operator must consider include, but are not limited to, the threats listed in ASME/ANSI B31.8S (ibr, see §192.7), section 2, which are as follows:**

- 1) Time dependent threats such as internal corrosion, external corrosion, and stress corrosion cracking;**
- 2) Static or resident threats, such as fabrication or construction defects;**
- 3) Time independent threats such as third party damage and outside force damage; and**
- 4) Human error.**

Mardi Gras Pipeline must amend the IM Plan Section 3.01 and Appendix B process and procedures involving the Threat Identification process and procedures to ensure that there is consideration of interactive threats for each covered pipeline segment as required by ASME B31.8S, Section 2.2. The process shall ensure that near neutral pH stress corrosion cracking is addressed. Additionally, the basis for excluding external corrosion for pipelines less than 10 years must be justified and the basis for considering the threat of manufacturing-related defects as stable must adequately address the 5 year pressure history limitation per 49CFR 192.917(e)(3).

**4. §192.917(b) Data gathering and integration. To identify and evaluate the potential threats to a covered pipeline segment, an operator must gather and integrate existing data and information on the entire pipeline that could be relevant to the covered segment. In performing this data gathering and integration, an operator must follow the requirements in ASME/ANSI B31.8S, section 4. At a minimum, an operator must gather and evaluate the set of data specified in Appendix A to ASME/ANSI B31.8S, and consider both on the covered segment and similar non-covered segments, past incident history, corrosion control records, continuing surveillance records, patrolling records, maintenance history, internal inspection records and all other conditions specific to each pipeline.**

Mardi Gras Pipeline must amend the IM plan Section 3.02 Data gathering and integration process and procedures to ensure that a consistent plan is utilized to obtain, analyze, and integrate all required data using available records. The first step should be a complete analysis of all records in the operator's possession. If there are questions on the completeness and accuracy of records obtained from the previous pipeline operator, then it is important that available data be assembled and analyzed

so that missing data can be identified and measures taken to obtain the required data. The data must be checked for accuracy. The risk scoring model must utilize conservative values when data is missing or uncertain (e.g., completed subpart J pressure test, gas quality). The Mardi Gras IM program must use a common spatial reference system that allows association of pipeline data elements (e.g., location of repairs, encroachments, and foreign line crossings) with accurate locations on the pipeline.

**5. §192.917(c) Risk assessment. An operator must conduct a risk assessment that follows ASME/ANSI B31.8S, section 5, and considers the identified threats for each covered segment. An operator must use the risk assessment to prioritize the covered segments for the baseline and continual reassessments (§§192.919, 192.921, 192.937), and to determine what additional preventive and mitigative measures are needed (§192.935) for the covered segment.**

Mardi Gras Pipeline must amend the IM plan Section 3.03 Risk Assessment process and procedures to ensure that it incorporates leak history or integrity assessment results in the risk scores calculated for each HCA. Additionally, the amended procedures must adequately address the following:

- The Risk Assessment amended procedures must require that it includes sufficient resolution of pipeline segment size and should consider its potential applicability to leak/incident data on other segments with similar characteristics in order to analyze data as it exists along the pipeline.
- The Risk Assessment amended procedures must ensure that a system-wide re-evaluation shall be performed at least annually.
- The Risk Assessment amended procedures must ensure that it specifically describes a risk validation process that shall be identified and documented in the integrity management program.

**6. §192.917 (e) Actions to address particular threats. If an operator identifies any of the following threats, the operator must take the following actions to address the threat.**

- **(e)(5) Corrosion. If an operator identifies corrosion on a covered pipeline segment that could adversely affect the integrity of the line (conditions specified in §192.933), the operator must evaluate and remediate, as necessary, all pipeline segments (both covered and non-covered) with similar material coating and environmental characteristics. An operator must establish a schedule for evaluating and remediating, as necessary, the similar segments that is consistent with the operator's established operating and maintenance procedures under Part 192 for testing and repair.**

Mardi Gras Pipeline must amend the IM Plan Section 8.06 that specifically address the evaluation of corrosion found on HCAs that is required by 192.917(e)(5). The plan does not specify how to determine the magnitude of corrosion that adversely affects

the integrity of the pipeline, which triggers the requirement for this corrosion evaluation.

**7. §192.935(a) General Requirements.** An operator must take additional measures beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a high consequence area. An operator must base the additional measures on the threats the operator has identified to each pipeline segment. (See §192.917.) An operator must conduct, in accordance with one of the risk assessment approaches in ASME/ANSI B31.8S, Section 5, a risk analysis of its pipeline to identify additional measures to protect the high consequence area and enhance public safety. Such additional measures include, but are not limited to, installing Automatic Shut-off Valves or Remote Control Valves, installing computerized monitoring and leak detection systems, replacing pipe segments with pipe of heavier wall thickness, providing additional training to personnel on response procedures, conducting drills with local emergency responders and implementing additional inspection and maintenance programs.

Mardi Gras must amend the IM plan Sections 8.01 and 8.07 to include a fully developed or documented process for evaluating a wide range of potential preventive and mitigative measures based on threats, risk assessment, and documented decision criteria.

**8. §192.935(c) Automatic shut-off valves (ASV) or Remote control valves (RCV).** If an operator determines, based on a risk analysis, that an ASV or RCV would be an efficient means of adding protection to a high consequence area in the event of a gas release, an operator must install the ASV or RCV. In making that determination, an operator must, at least, consider the following factors - swiftness of leak detection and pipe shutdown capabilities, the type of gas being transported, operating pressure, the rate of potential release, pipeline profile, the potential for ignition, and location of nearest response personnel.

Mardi Gras Pipeline must amend the IM plan Section 8.07 to ensure that processes and procedures provide sufficient detail to ensure the implementation of a consistent program, based on risk analysis, for evaluating the installation of additional Automatic Shutdown/Remote Control valves on a segment specific basis.

**9. §192.945(a) General.** An operator must include in its integrity management program methods to measure, on a semi-annual basis, whether the program is effective in assessing and evaluating the integrity of each covered pipeline segment and in protecting the high consequence areas. These measures must include the four overall performance measures specified in ASME/ANSI B31.8S (ibr, see §192.7), section 9.4, and the specific measures for each identified threat specified in ASME/ANSI B31.8S, Appendix A. An operator must submit the four overall performance measures, by electronic or other means, on a semi-annual frequency to OPS in accordance with §192.951. An operator must submit its first report on overall performance measures by August 31, 2004. Thereafter, the performance measures must be complete through June 30 and

**December 31 of each year and must be submitted within 2 months after those dates.**

Mardi Gras must amend the IM plan Section 9.01 process and procedures to ensure the requirement of semi-annual recording and tracking of the threat-specific performance measures of ASME B31.8S, Table 9. The information must be collected and analyzed on a semi-annual basis as required by the §192.945(a).

**10. §192.947 An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At minimum, an operator must maintain the following records for review during an inspection.**

**(d) Documents to support any decision, analysis and process developed and used to implement and evaluate each element of the baseline assessment plan and integrity management program. Documents include those developed and used in support of any identification, calculation, amendment, modification, justification, deviation and determination made, and any action taken to implement and evaluate any of the program elements;**

Mardi Gras must amend the IM plan Sections 2.01 and 10.01 process and procedures emphasizing the documentation supporting all decisions related to integrity management program elements be adequately maintained. For example, documentation of the decision to perform a hydrotest as a baseline assessment is required by the Mardi Gras IM plan (IMP 2.01).

**11. §192.911 An operator's initial integrity management program begins with a framework (see CFR: §192.907) and evolves into a more detailed and comprehensive integrity management program, as information is gained and incorporated into the program. An operator must make continual improvements to its program. The initial program framework and subsequent program must, at minimum, contain the following elements. (When indicated, refer to ASME/ANSI B31.8S for more detailed information on the listed element.)**

**(k) A management of change process as outlined in ASME/ANSI B31.8S, Section 11.**

Mardi Gras must amend the IM plan Section 11.0 in order to establish fully developed procedures for implementation of a Management of Change Process that considers pipeline changes and their effects on integrity management program elements and addressing technical, physical, procedural, and organizational changes.

**12. §192.911 An operator's initial integrity management program begins with a framework (see CFR: §192.907) and evolves into a more detailed and comprehensive integrity management program, as information is gained and incorporated into the program. An operator must make continual improvements to its program. The initial program framework and subsequent program must, at**

minimum, contain the following elements. (When indicated, refer to ASME/ANSI B31.8S for more detailed information on the listed element.)

- (I) A quality assurance process as outlined in ASME/ANSI B31.8S, Section 12.

Mardi Gras Pipeline must amend the IM plan Section 12.0 to ensure that processes and procedures allow for the documented completion of regular program reviews for the IM program and documents the completion of corrective actions resulting from program reviews. The Mardi Gras amended IM plan must fully document the criteria for assessing the use of outside resources to conduct processes that affect the quality of the integrity management program (e.g., corrosion control, assessments). Additionally, Mardi Gras Pipeline must amend its IM Plan to ensure that determination of how “should” statements from ASME B31.8S or other standards incorporated by reference will be treated in their IM program.

**13. §192.915 (a) Supervisory personnel. The integrity management program must provide that each supervisor whose responsibilities relate to the integrity management program possesses and maintains a thorough knowledge of the integrity management program and of the elements for which the supervisor is responsible. The program must provide that any person who qualifies as a supervisor for the integrity management program has appropriate training or experience in the area for which the person is responsible.**

Mardi Gras must amend the IM plan Section 12.02 process and procedures to ensure the establishment of specifications for the required qualifications of personnel with key responsibilities for implementing IM program elements, including supervisory personnel, personnel conducting integrity assessments and evaluating assessment results, and personnel responsible for preventive and mitigative measures.

#### 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 30 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 your correspondence on this matter, please refer to **CPF 4-2009-1006M** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley  
Director, Southwest Region  
Pipeline and Hazardous  
Materials Safety Administration

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