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A handwritten signature in blue ink, appearing to be 'M.H.' or similar, located in the top right corner of the document.

VIA CERTIFIED MAIL

October 9, 2018

Pipeline Hazardous Materials Safety Administration
Bear Tavern Road, Suite 103,
West Trenton, NJ 08628
Attention: Robert Burrough, Director, Eastern Region

Re: Energy Transfer Partners/Rover Pipeline LLC's
Response to PHMSA's Notice of Probable Violation and
Proposed Compliance Order CPF 1-2018-1018

Dear Mr. Burrough:

Between January and June of 2018, representatives of the Pipeline Hazardous Materials and Safety Administration (PHMSA) conducted various inspections of the Rover Pipeline Project in Ohio. On September 10, 2018, PHMSA issued a Notice of Probable Violation (Notice) and Proposed Compliance Order (PCO) to Rover Pipeline LLC (Rover) (received by Rover on September 11, 2018), containing three alleged violations. Rover acknowledges receipt of the allegations and is hereby providing a response as required and governed by 49 CFR part 190, Subpart B § 190.201-190.243.

Rover is not contesting the three allegations presented in the Notice and has worked cooperatively with PHMSA to mitigate the circumstances resulting from these issues. Likewise, Rover is in general agreement with the terms of the PCO and provides a status of its activities to affect completion of the proposed remedial work as follows:

Proposed Compliance Order Remedial Requirements

1. *With respect to Item Number 1 of the Notice pertaining to Rover's failure to perform NDE in accordance with written procedures and by persons who have been trained and qualified in the established procedures and with the equipment employed in testing, Rover shall complete at a minimum, the following actions:*
 - a. *For all weld radiographs that were the responsibility of the two unqualified NDE auditors identified under Mitigation Proposal Paragraph 4 of Exhibit A-01, a 100% re-audit of said weld radiographs, totaling 9117, shall be completed by independent and appropriately certified Level II or III personnel in accordance with recommended practice ASNT SNT-TC-1A and ETWS.060.*

ROVER'S RESPONSE:

The two non-certified NDE auditors identified under Mitigation Proposal Paragraph 4 of Exhibit A-01 are Mr. Jay Schamber and Mr. Barry Phillips. Rover made the determination to audit all of the NDT performed by Stanley Inspection, as it became apparent that some of the Stanley technicians responsible for the original NDT inspections had made incorrect weld interpretations. As such, Rover performed a complete re-audit of all of Stanley Inspection's radiographic film, which included the required 100% audit of Mr. Schamber's work (re-audit of 8,691 weld radiographs). Therefore, in lieu of the agreed upon 9117 welds to be re-audited, Rover's auditors, in examining all of the x-ray welds performed by Stanley Inspection, re-examined a total of 11890 weld radiographs. Also, 588 weld radiographs that were originally audited by Mr. Barry Phillips were re-audited.

- b. For all weld radiographs that were the responsibility of the 5 improperly qualified NDE auditors identified under Mitigation Proposal Paragraph 3 of Exhibit A-01, a 10% re-audit of weld radiographs each auditor was responsible for, totaling 385, shall be completed by independent and appropriately certified Level II or III personnel in accordance with recommended practice ASNT SNT-TC-1A and ETWS.060. The 10% sampling and re-audit shall, at minimum, include film produced by each NDE Rig operating on the Spreads that each NDE auditor was responsible for.*

ROVER'S RESPONSE:

Rover conducted a 10% re-audit of the radiographs of the following 5 NDT auditors, Mr. Shane Barthelmess, Mr. Morgan Beck, Mr. Nelson Hawkins, Mr. Ronald Primeaux and Mr. Geoff Schamber, as identified in the Mitigation Proposal Paragraph 3 of Exhibit A-01. As required, 385 weld radiographs were re-audited. The requirement to re-audit 100% of Mr. Primeaux and Mr. Schamber's work was met with the Rover requirement to re-audit all of the Stanley Inspection RT. Also, as required, Rover completed the re-audit of 10% of Mr. Hawkins weld radiographs. In total, 1578 weld radiographs were re-audited.

- c. For all weld radiographs that were the responsibility of the 3 industry qualified NDE auditors not meeting ETWS.060 requirements identified under Mitigation Proposal Paragraph 2 of Exhibit A-01, a 10% re-audit of weld radiographs each auditor was responsible for, totaling 419, shall be completed by independent and appropriately certified Level II or III personnel in accordance with recommended practice ASNT SNT-TC-1A and ETWS.060. The 10% sampling and re-audit shall, at minimum, include film produced by each NDE Rig operating on the Spreads that each NDE auditor was responsible for.*

ROVER'S RESPONSE:

While the total re-audit requirement applicable here was for 419 weld radiographs, Rover actually re-audited 1,271 weld radiographs. As agreed in the Mitigation Proposal Paragraph 3 of Exhibit A-01, a re-audit of 10% of the weld radiographs of Mr. Whitey Young, Mr. Ian Saunders and Mr. Clayton Dupree were completed.

- d. For all overturned calls made by the NDE auditors covered under Mitigation Proposal Paragraph 5 of Exhibit A-01, a 100% re-audit of said weld radiographs, totaling 31, shall be completed by independent and appropriately certified Level II or III personnel in accordance with recommended practice ASNT SNT-TC-1A and ETWS.060.*

ROVER'S RESPONSE:

As stated Mitigation Proposal - Paragraph 5 of Exhibit A-01, a sample of the overturns made by the original NDT auditors was re-audited by the ANST or SNT-TC-1A RT auditors. Over-turns were completed as part of the audit.

- e. Within 30 days of the issuance of the Final Order, provide a written plan addressing implementation of the compliance order, including NDE auditor original weld counts, specified re-audit sample sizes, and results. A protocol detailing the process for final disposition of any rejects and/or remedial action required by 49 CFR 192 as a result of re-audit findings shall be included.*

ROVER'S RESPONSE:

The protocol detailing the process for final disposition of any rejects and/or remedial action required by 49 CFR 192 was attached as Exhibit A-01 to this NOPV. The responses provided in Items 1(a-d) above include updates to the written plan and protocol that has been discussed with PHMSA throughout this process. Also, please refer to Attachment 1(e) for Rover's NDE Audit and Repair Tracker Summary Report.xlsx which shows the re-audits and repairs that were completed by June 30, 2018.

- 2. *With respect to Item Number 2 of the Notice pertaining to Rover's failure to construct the Project in accordance with comprehensive written specifications or standards that are consistent with 49 CFR Part 192, specifically § 192.309(b)(2), Rover shall complete at a minimum, the following actions:*
 - a. Conduct a re-examination of all caliper run data and corresponding records for the entire Rover Pipeline Project to determine if any instances of dents affecting longitudinal (seam) or circumferential (girth welds) exist, and if so, expedite remediation in accordance with 192.309.*

ROVER'S RESPONSE:

Rover completed a re-examination of the post construction caliper inspection tool data and have identified 23 dents to be investigated on the entire Rover system. Investigation has begun with the emphasis concentrated on the Sherwood lateral (7 dent locations to be investigated). Upon completion of the dent confirmation on Sherwood, Rover will immediately move to perform the remaining confirmation process on the balance of the Rover system, with strict conformance to CFR 49 192.309. Investigation of the Sherwood lateral locations is expected to be complete by October 8, 2018 with backfilling and clean up complete by October 10, 2018. Rover will share all dig results with PHMSA soon after completion of the digs and remediation. There are no dent anomalies meeting this criteria on the CGT lateral.

- b. Revise Rover/Energy Transfer Construction Standard - Volume 4 accordingly to ensure it is consistent with the requirements of § 192.309(b)(2). Revised procedures and standards shall be provided to Director, Eastern Region for review and approval within 60 days of issuance of the Final Order.*

ROVER'S RESPONSE:

The Energy Transfer Construction Engineering Standard has been revised and is consistent with direction provided in CFR 49 192.309. Please refer to Attachment 2(b) for the revised version of the current published corporate Energy Transfer Construction Standard 4.0103, Section 4.4(B)(2).

- 3. With respect to Item Number 3 of the Notice pertaining to Rover's failure to install pipe in such a manner so as to minimize stresses and protect the pipe coating from damage, Rover shall complete at a minimum, the following actions:*
- a. Conduct a re-examination and evaluation of all caliper run data and records for the Rover Pipeline Project to determine locations where newly constructed pipe may have been installed with undue stress. Investigation shall include field evaluations and remediation as necessary. Emphasis should be placed on areas highlighted by tool vendor, tie-ins welds, bends, offsets and areas where pipe is suspected of improperly fitting the ditch.*

ROVER'S RESPONSE:

Rover has completed a re-evaluation of the post construction caliper inspection tool data with particular emphasis, as requested, on tie-in welds and bends. In addition, Rover performed two informational digs, one on the Burgettstown lateral and one on the Sherwood laterals. After reassessment of the inspection tool data it was determined that the post construction caliper inspection tool is not a sufficiently reliable technology for assessing pipe strain. It lacks the sensors necessary to identify potential high areas of stress resulting in in-the-ditch

assessments that failed to demonstrate validation of the ILI indications and analysis. As such, Rover recommends the proposed remedial work included in Rover's response to Section 3b below.

- b. Within 270 days of commissioning of segments of the Project, run an ILI tool with longitudinal MFL, Deformation, and Inertial Mapping (IMU) capability in effort to more accurately identify potential overstress areas that may warrant further investigation. Any identified locations shall be remediated as necessary, and a detailed work plan and schedule shall be submitted to Director, Eastern Region within 30 days of discovery.*

ROVER'S RESPONSE:

As soon as practical after the in Service of the Sherwood and CGT laterals, Rover will begin a program that deploys in-line inspection technology that includes high resolution longitudinal MFL, high resolution caliper/geometry and inertial mapping (IMU) capability to identify areas indicative of high stress. Initial priority will be given to the Majorsville and Sherwood laterals, as these two laterals are in areas with the most severe topography. Rover will complete this program on the entire Rover pipeline system, including laterals, within three hundred sixty five (365) days of the 100% in-service of the Rover system which includes the in-service of the Sherwood and CGT laterals. This technology cannot be practicably run without gas and therefore the in service of the Sherwood and CGT laterals are necessary for Rover to comply in accordance with this section.

- 4. For any Rover Project pipeline segment or lateral affected by Items 1, 2, or 3 of this order which has not been placed into service at the time of receipt of this notice shall have its commissioning delayed until such time the re-audit is complete, results are submitted and any actionable findings under 49 CFR 192 have been remediated.*

ROVER'S RESPONSE:

The Sherwood lateral and the CGT laterals are the only remaining segments of the Rover Pipeline Project that have not been placed into service at the time of receipt of this notice. Rover submitted a request for authorization for in-service to FERC with a date of September 15, 2018 for the Sherwood and CGT laterals. FERC evaluation of this in-service authorization request is on hold, pending resolution of this matter with PHMSA. As there are no dents on the CGT lateral, commissioning of the CGT lateral should not be delayed. Further, with Rover completion of the prioritized remediation efforts outlined in the response to 2 (a), Rover requests a lift of the delay of commissioning for the Sherwood lateral upon completion of the investigation on or around October 8, 2018.

5. *Except for Item 3 (b), all items under this order shall be completed within 90 days of the issuance of the Final Order, unless otherwise directed above.*

ROVER'S RESPONSE:

All items under this order have been completed by Rover, but for the items highlighted in Rover's response to items 2 (a) and 3 (b), as outlined above. Rover will complete the balance of work associated with item 2 (a) within the 90 day window described herein.

6. *All documentation demonstrating compliance with each of the items outlined in this Compliance Order must be submitted to Robert Burrough, Director, Eastern Region, PHMSA, Bear Tavern Road, Suite 103, West Trenton, NJ 08628.*

ROVER'S RESPONSE:

Rover commits to providing the required documentation demonstrating compliance with this PCO, some of which is included as part of this response.

7. *It is requested (not mandated) that Rover maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Robert Burrough, 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.*

ROVER'S RESPONSE:

Finally, in response to PHMSA's request that Rover maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total cost associated with preparation/revision of plans, procedures, studies and analyses, associated with replacements, additions and other changes to pipeline infrastructure, Rover's submits that Rover's safety improvement costs incurred, or to be incurred by Rover, associated with fulfilling this Compliance Order is Eleven Million Five Hundred Thousand Dollars (\$11,500,000).

As noted in the responses to items 3.a and 3.b Rover hereby proposes alternate remedial activities for consideration by the Director as allowed by § 190.208.b.(3). In doing so Rover does not waive its right to a hearing. As an alternative Rover would consider the execution of a Consent Order as allowed under § 190.208.b.(2) and is available to discuss this option at the Directors convenience.

Rover is committed to pipeline safety and ensuring public safety and pipeline integrity. Rover appreciates PHMSA's time and input in conducting the underlying pipeline inspections in Ohio. As outlined above, Rover has or is in the process of complying with PHMSA's requests. Please do not hesitate to contact me if you require additional information.

Sincerely,



Eric Amundsen
SVP Operations
(713) 989-7460