

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 5, 2013

Mr. David Goodwin
Vice President Compliance and Operations Services
Gulf South Pipeline Co., L.P.
9 Greenway Plaza, Suite 2800
Houston, TX 77046

CPF 2-2013-1001

Dear Mr. Goodwin:

From February 27, 2012, to November 28, 2012, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern Region, Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code, inspected Gulf South Pipeline Company, LLC (GSPC) natural gas facilities in Alabama, Florida, and Mississippi. GSPC is a subsidiary of Boardwalk Pipeline Partners, LP.

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

- 1. §192.465 External corrosion control: Monitoring.**
 - (a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463. However, if tests at those intervals are impractical for separately protected short sections of mains or transmission line, not in excess of 100 feet (30 meters), or separately protected service line, these pipelines may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system must be surveyed**

each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.

(b) Each cathodic protection rectifier or other impressed current power source must be inspected six times each calendar year, but with intervals not exceeding 2 1/2 months, to insure that it is operating.

(c) Each reverse current switch, each diode, and each interference bond whose failure would jeopardize structure protection must be electrically checked for proper performance six times each calendar year, but with intervals not exceeding 2 1/2 months. Each other interference bond must be checked at least once each calendar year, but with intervals not exceeding 15 months.

GSPC did not monitor its pipeline cathodic protection test stations, rectifiers, and interference bonds within the required intervals.

GSPC acquired the Hattiesburg-Petal Storage System from Enterprise Products Operating, LLC, and assumed operation of the system in June 2012. Enterprise records (2011 and early 2012) indicate that the rectifier, foreign bond inspections, and annual cathodic protection survey were all due not later than August 2012. GSPC, however, did not conduct the next rectifier, foreign bond inspections, and annual cathodic protection until September 2012.

2. §192.467 External corrosion control: Electrical isolation.

(a) Each buried or submerged pipeline must be electrically isolated from other underground metallic structures, unless the pipeline and the other structures are electrically interconnected and cathodically protected as a single unit.

... (d) Inspection and electrical tests must be made to assure that electrical isolation is adequate

GSPC did not test and inspect its facilities to assure that electrical isolation and cathodic protection were adequate.

GSPC did not test and inspect its pipeline facilities to assure that the pipeline was adequately isolated from other underground metallic structure, or that the pipeline was adequately protected by cathodic protection.

During the PHMSA field inspection cathodic protection readings were taken at several GSPC facilities and the pipeline at the location tested was not adequately protected or electrically isolated. GSPC did not have records to demonstrate that the pipeline had been inspected and tested at these locations to determine that the electrical isolation and cathodic protection were adequate.

- At GSPC’s metering station providing lift gas to Triad Blackburn, GSPC installed an insulating flange in the above-ground portion of a metering station pipeline, isolating several feet of buried GSPC pipe before the underground change of custody to the customer. During field inspection, pipe-to-soil readings on the isolated section of pipe were read to be -270mV.
- At Hattiesburg Delivery Station No. 1 GSPC installed an insulating flange in the above-ground portion of the pipeline, isolating several feet of buried GSPC pipe before the underground change of custody to the customer, Willmut Gas.

Pipe-to-soil readings of -530mV were noted on the isolated, unprotected section of pipe during the field inspection.

- At GSPC's Petal Compressor Station, pipe-to-soil readings of -630mV were recorded on several sections of pipe entering the Unit 3 compressor building, and the compressor building structure.

Warning Item

With respect to Item 1 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 promptly correct this item. Be advised that failure to do so may result in Gulf South Pipeline Company being subject to additional enforcement action.

Proposed Compliance Order

With respect to Item 2 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Gulf South Pipeline Company. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

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.

In your correspondence on this matter, please refer to **CPF 2-2013-1001** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Gulf South Pipeline Company a Compliance Order incorporating the following remedial requirements to ensure the compliance of Gulf South Pipeline Company with the pipeline safety regulations:

1. In regard to Item 2 of the Notice pertaining to Gulf South Pipeline Company's (GSPC's) failure to ensure adequate electrical isolation and cathodic protection, GSPC must:
 - a. Conduct an inventory of all above-ground facilities with buried change of custody locations.
 - b. Inspect and test GSPC's pipeline at these same locations to ensure that
 - i. the pipeline is adequately protected where the GSPC pipeline is not electrically isolated from the other underground structure, or
 - ii. GSPC's pipeline is adequately protected and electrically isolated from the other belowground structure.
 - c. Include these locations in GSPC's external corrosion control monitoring program.
 - d. Correct any deficiencies noted per §192.463(d).
2. GSPC must complete the actions required in Items 1(a) and 1(b) within 120 days of the date of issuance of the Final Order.
3. GSPC must notify the Director, PHMSA Southern Region, within 150 days following the date of issuance of the Final Order that Compliance Order Items 1(a) and 1(b) have been completed. GSPC must maintain records associated with Item 1 above for future review by PHMSA Southern Region.
4. It is requested (not mandated) that Gulf South Pipeline Company maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Wayne T. Lemoi, Director, Southern 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.