



U.S. Department
Of Transportation
**Pipeline and
Hazardous Materials
Safety Administration**

820 Bear Tavern Road, Suite 306
West Trenton, NJ 08628
609.989.2171

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

EXPRESS OVERNIGHT DELIVERY

February 16, 2010

Mr. Tim Felt
President and Chief Executive Officer
Colonial Pipeline Company
1185 Sanctuary Parkway, Suite 100
Alpharetta, GA 30004-4738

CPF 1-2010-5001

Dear Mr. Felt:

On October 17, 2006, representatives of the Virginia State Corporation Commission (VA SCC) as an agent of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code conducted an investigation at your Hill Street Station in Chesapeake, VA. The investigation was conducted in response to an incident (NRC #815028) that occurred at the Allied facility on October 17, 2006 that resulted in the overflow of Breakout Tank #9.

Breakout Tank 9, owned by Allied Tank, was being operated by Colonial under the FERC 68 "Rules and Regulations Tariff Governing the Transportation of Petroleum Products" effective July 21, 2002.

As a result of the inspection, it appears that you have committed probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and probable violation is:

1. §195.401(b) General requirements.

(b) Whenever an operator discovers any condition that could adversely affect the safe operation of its pipeline system, it shall correct it within a reasonable time. However, if

the condition is of such a nature that it presents an immediate hazard to persons or property, the operator may not operate the affected part of the system until it has corrected the unsafe condition.

Colonial became aware of Tank #9 level alarm failure on October 9, 2006. On October 16th and 17th, prior to correcting the condition, Tank #9 was allowed to be used resulting in the tank's overflow on October 17th, 2006.

Evidence of Colonial's awareness is provided in the following documents:

- Colonial Pipeline Company Summary of Events including Timeline Report Allied Tank Event at Hill Delivery dated October 16 – 17, 2006 (OPIS Event Report: EVT-2006-955)
- Incident Analysis Report IA-2006-51 modified 11/27/2006 at 11:36 AM

Proposed Civil Penalty

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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation and has recommended that you be preliminarily assessed a civil penalty of **\$92,500** as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$92,500

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 1-2010-5001** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Byron Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

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

Cc: Virginia SCC