

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

OVERNIGHT EXPRESS DELIVERY

October 15, 2015

T. Scott Collier
VP, Performance Assurance & Asset Integrity
Buckeye Partners, L.P.
Five TEK Park
9999 Hamilton Boulevard
Breinigsville, PA 18031

CPF 1-2015-5019

Dear Mr. Collier:

From July 29, 2013 through August 2, 2013, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected Buckeye Partners, L.P.'s (Buckeye) Macungie – PA Inspection Unit 321 in Macungie, Pennsylvania.

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

1. §195.432 Inspection of in-service breakout tanks.

(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to API Standard 653 (incorporated by reference, see § 195.3). However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under § 195.402(c)(3).

Buckeye failed to inspect the physical integrity of in-service atmospheric steel aboveground breakout tanks according to API Standard 653, incorporated by reference in §195.3(b)(19).

API Standard 653 “Tank Inspection, Repair, Alteration and Reconstruction” (3rd Edition) - Section 6.3.2 External Inspection, paragraph 6.3.2.1 states, “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 $RCA/4N$ 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.”

During the inspection, the PHMSA inspector reviewed Storage Tank Inspection Records for breakout tank 214 from 1996 through 2013, and Buckeye’s procedures for tank inspection dating back to 2001.

The records indicated that a visual external inspection was conducted on Tank 214 on the following dates:

1. December 28, 1996
2. January 2, 2002
3. March 27, 2013

The PHMSA inspector asked Buckeye if there were other records that covered the timeframe from 2002 through 2013. Buckeye stated that there were no additional records, and admitted that it did not perform the required external tank inspection, but could not explain the reason why the inspection did not happen.

The inspection, conducted in 2013, exceeded the five year maximum interval by 6 years, 2 months, and 25 days (2,275 days).

Thus, Buckeye failed to perform a visual external inspection in accordance with API Standard 653.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$50,400 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$50,400

Proposed Compliance Order

With respect to item 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Buckeye. 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. All material you submit in response to this enforcement action may be 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 1-2015-5019**, 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

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 Buckeye Partners, L.P. (Buckeye) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Buckeye with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to Buckeye failing to inspect the physical integrity of in-service atmospheric steel aboveground breakout tanks according to API Standard 653, incorporated by reference in §195.3(b)(19), Buckeye shall identify any breakout tank at the Macungie facility that has not had a visual external inspection, in accordance with API Standard 653, in the last 5 years or RCA/4N 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, and shall create a detail sheet for each identified tank showing the source data and calculations for inspection interval.
2. Buckeye shall then conduct a visual external inspection on the identified tanks, in accordance with API Standard 653 and Buckeye's procedures for conducting visual external inspections.
3. Buckeye must provide a summary report to demonstrate compliance with all the above items to the Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration, 820 Bear Tavern Rd, Suite 103, West Trenton, NJ 08628 within 120 days after receipt of the Final Order.
4. It is requested (not mandated) that Buckeye maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Byron Coy, PE, 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.