

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

OVERNIGHT EXPRESS DELIVERY

December 15, 2015

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

CPF 1-2015-5021

Dear Mr. Collier:

From July 15 through July 19, 2013, representatives 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) procedures and records at Buckeye's headquarters in Breinigsville, PA. In subsequent months, PHMSA conducted field visits to the Malvern and Booth inspection units, which resulted in follow-up correspondence and research to complement the record and procedure observations.

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

- 1. §195.402 Procedural manual for operations, maintenance and emergencies**
 - (a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. . . .**

Buckeye failed to follow, for each pipeline system, a manual of written procedures for conducting maintenance activities.

The PHMSA inspector reviewed Buckeye Maintenance Manual procedure J02 - External

Corrosion Control, issued 9/2009 and 9/2010, and Corrosion Manual procedure A-02 External Corrosion Control, issued 12/2011 and 9/2012. Section 9 “Electrical Isolation”, Paragraph 9.4 of both procedures states in part: “Annually during the corrosion control survey, installed electrical isolation devices shall be inspected for proper operation.”

The PHMSA inspector also reviewed electrical isolation survey records from 2010 through 2012 for the following locations in Pennsylvania:

1. Malvern mainlines
2. Booth meter stations
3. Booth mainlines
4. Macungie mainlines
5. Malvern stations

The records demonstrate that from 2011 to 2012, Buckeye failed to inspect electrical isolation devices for proper operation in 37 instances, at 37 different locations.

2. §195.402 Procedural manual for operations, maintenance and emergencies

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. . . .

Buckeye failed to follow, for each pipeline system, a manual of written procedures for conducting maintenance activities.

The PHMSA inspector reviewed Buckeye Maintenance Manual procedure *J02 - External Corrosion Control*, issued 9/2009 and 9/2010, and Corrosion Manual procedure *A-02 External Corrosion Control*, issued 12/2011 and 9/2012.

For all versions of these procedures, Section 10.4, “Induced AC and Lightning” states in part: “Pipelines within or near high-voltage AC (HVAC) corridors may be subject to induced-AC interference, AC-assisted corrosion, and fault currents. They may also be more susceptible to damage due to lightning effects. . .” and “Pipelines within these corridors shall be monitored for induced AC interference annually. . .”

In an email dated March 11, 2014, PHMSA stated / asked Buckeye:

“I have attached an extract from your procedures pertaining to Buckeye’s monitoring of AC interference. While reviewing your CP Survey Reports for the Malvern (including some labelled Macungie) and Booth, there are some areas in which AC P/S readings have been taken faithfully; some may be missing a year; and others where there have been no AC readings taken. As you can see, your procedures require an annual AC P/S survey to be performed in areas within or near AC (HVAC) [sic] corridors. Is there a list of areas which distinguish these areas?”

Buckeye responded via an email dated March 28, 2014 stating:

“On the issue of AC Corridors, Buckeye amended the practice in 2012 as it was discussed that testing of mainline stations was sufficient. The standard practice was modified to take AC readings at all mainline test stations only, and thus eliminating the need to identify AC corridors.”

In a subsequent email dated May 8, 2014, PHMSA stated / asked Buckeye:

“In a previous email (3/28/2014), you stated it was determined in 2012 that BPL determined it is adequate to only look at Alternating Current interference on mainline [test] stations. I do not see this in the Corrosion Manual, nor do I understand what a mainline is or a mainline station. Could you please explain since there is no such exclusion in Part 195, nor is there a definition of mainline.”

Buckeye responded via an email dated June 6, 2014 stating:

“Here is our response to question #1.

Buckeye’s Corrosion Manual Section A-02 Part 10 is our program for stray currents, including AC. Currently, in lieu of identifying AC corridors, AC pipe to soil readings are taken on all Mainline piping sections (as categorized in our corrosion survey database system). These are lines that run in right-of-way corridors which may encounter AC interference from overhead lines. Station piping (inside the fence) is typically common with the station grounding system and therefore not a high risk for induced AC currents.”

The PHMSA inspector reviewed electrical survey records from 2010 through 2012 for the following locations in Pennsylvania:

1. Malvern mainlines
2. Booth mainlines
3. Macungie mainlines

AC corridors were not identified in these records. The records demonstrated that from 2011 to 2012, Buckeye did not monitor for induced AC interference in 140 instances.

3. §195.402 Procedural manual for operations, maintenance and emergencies

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. . . .

Buckeye failed to follow, for each pipeline system, a manual of written procedures for conducting maintenance activities.

The PHMSA inspector reviewed Buckeye Maintenance Manual procedure *J02 - External Corrosion Control*, issued 9/2009 and 9/2010, and Corrosion Manual procedure *A-02 External Corrosion Control*, issued 12/2011 and 9/2012.

The procedures require that all test stations found to be defective (i.e., required readings cannot be obtained) shall be repaired within one inspection cycle, if other facilities are not readily available to ensure adequate protection.

The PHMSA inspector also reviewed cathodic protection survey records from 2010 through 2012 for the following locations in Pennsylvania:

1. Malvern mainlines
2. Macungie mainlines

The records demonstrated that from 2011 to 2012, Buckeye failed to maintain test stations in 5

instances at the following three locations:

1. On Line Segment PY740XX XX740MX at Tinicum Island Rd, Milepost 1.602, Buckeye failed to conduct the annual readings on consecutive years, starting on 5/11/10 with a comment of "Test Station cannot be found" and on 5/11/11 with a comment of "T/S missing".
2. On Line Segment PF751EX at Transco Xing 24", Station #4604+16, comments on 5/21/10 and 5/20/11 indicated "No wires" and "No test station," respectively. A new test station was installed on 9/27/12 and readings taken.
3. On Line Segment MX750LX-A at Rt. 282, Milepost 33.450, Buckeye recorded 3 consecutive Casing IRF readings less negative than -0.100V from 4/8/10 with comment "recheck casing reading", 4/11/11 comment "low casing reading", to 4/16/12 noting in the comments "bad casing wire".

This probable violation has a repeat offense of CPF # 1-2011-5003, Item 3.

4. §195.573 What must I do to monitor external corrosion control?

(a) Protected pipelines. You must do the following to determine whether cathodic protection required by this subpart complies with Sec. 195.571:

(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.

Buckeye did not conduct tests on the cathodically protected pipeline segments to monitor external corrosion control, at least once each calendar year, but with intervals not exceeding 15 months.

The PHMSA inspector reviewed CP survey records from 2010 through 2012 for the following locations in Pennsylvania:

1. Malvern mainlines
2. Booth meter stations
3. Booth station
4. Booth mainlines

The records demonstrated that Buckeye failed to take multiple electrical measurements (structure pipe-to-soil as required by §195.571), to demonstrate adequate levels of cathodic protection. Specifically, Buckeye's records indicate failure to conduct 11 tests at 11 different locations during the 2011 annual survey.

5. §195.573 What must I do to monitor external corrosion control?

(d) Breakout tanks. You must inspect each cathodic protection system used to control corrosion on the bottom of an aboveground breakout tank to ensure that operation and maintenance of the system are in accordance with API Recommended Practice 651. However, this inspection is not required if you note in the corrosion

control procedures established under Sec. 195.402(c)(3) why compliance with all or certain operation and maintenance provisions of API Recommended Practice 651 is not necessary for the safety of the tank.

Buckeye failed to inspect each cathodic protection system used to control corrosion on the bottom of an aboveground breakout tank to ensure that operation and maintenance of the system are in accordance with API Recommended Practice 651, 3rd edition, January 2007.

API RP 651 Section 11.3.1.2 states: “Annual cathodic protection surveys are recommended to ensure the effectiveness of cathodic protection. The electrical measurements used in the survey may include one or more of the measurements listed in 11.3.1.1.”

The PHMSA inspector reviewed breakout tank cathodic protection survey records from 2010 through 2012 at Booth station in Boothwyn, Pennsylvania.

The records demonstrated that Buckeye failed to conduct electrical surveys on Tank 10 in 2011.

BOOTH STA. LINE SEG. BH Packet 2			
Desc/Location #	DATE	P/S IRF	Comments
T10 N/0	2011	NR	Prev. read 8/3/10, also read on 7/12/2012
T10 E/60	2011	NR	Prev. read 8/3/10, also read on 7/12/2012
T10 SE/175	2011	NR	Prev. read 8/3/10, also read on 7/12/2012
T 10 S/235	2011	NR	Prev. read 8/3/10, also read on 7/12/2012
T10 SW/295	2011	NR	Prev. read 8/3/10, also read on 7/12/2012
T10 W/355	2011	NR	Prev. read 8/3/10, also read on 7/12/2012
T10/NW/410	2011	NR	Prev. read 8/3/10, also read on 7/12/2012

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 \$270,600 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$69,100
3	\$90,700
4	\$54,000
5	\$56,800

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 Buckeye Partners, L.P. (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 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 1-2015-5021**, 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: *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 2 of the Notice pertaining to Buckeye's failure to follow its manual of written procedures for conducting maintenance activities for induced AC interference testing, Buckeye must provide a written procedure that fully describes its current practice for induced AC interference testing. This is to be accomplished within 60 days of receipt of the Final Order.
2. Buckeye must complete the requirements as outlined above. All documentation demonstrating compliance with each of the items outlined in this proposed compliance order must be submitted to Byron Coy, PE, Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration, Suite 103, Bear Tavern Road, West Trenton, NJ for review.
3. 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.