

Mr. Clark C. Smith
President and Chief Executive Officer
Buckeye GP, LLC
One Greenway Plaza
Suite 600
Houston, Texas 77046

Re: CPF No. 1-2016-5004

Dear Mr. Smith:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violations, assesses a civil penalty of \$105,400, and specifies actions that need to be taken by West Shore Pipe Line Company, which is operated by Buckeye Partners, L.P., to comply with the pipeline safety regulations. The penalty payment terms are set forth in the Final Order. When the civil penalty has been paid and the terms of the compliance order completed, as determined by the Director, Eastern Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Acting Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Byron Coy, Director, Eastern Region, OPS
Mr. T. Scott Collier, VP, Performance Assurance & Asset Integrity, West Shore Pipeline Co.

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of)	
)	
West Shore Pipe Line Co.,)	CPF No. 1-2016-5004
)	
Respondent.)	
)	

FINAL ORDER

From May 19, 2014 through July 31, 2015, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of the West Shore Pipe Line Company (West Shore or Respondent) in Breinigsville, PA. West Shore is a 650-mile common carrier petroleum pipeline system that originates in the greater Chicago area and transports refined petroleum products to northern Illinois and Wisconsin including the Madison and Green Bay, Wisconsin metropolitan markets.¹ Buckeye Partners, L.P. operates the West Shore pipeline system on behalf of West Shore.

As a result of the inspection, the Director, Eastern Region, OPS (Director), issued to Respondent, by letter dated June 20, 2016, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that West Shore had violated 49 C.F.R. §§ 195.402(a), 195.575(c), and 195.402(c)(3), and proposed assessing a civil penalty of \$105,400 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations.

West Shore responded to the Notice by letter dated July 18, 2016 (Response). The company did not contest the allegations of violation and agreed to pay the proposed civil penalty of \$105,400, as provided in 49 C.F.R. § 190.227, upon issuance of the Final Order. Respondent did not request a hearing and therefore has waived the right to one.

FINDINGS OF VIOLATION

In its Response, Respondent did not contest the allegations in the Notice that it violated 49 C.F.R. Part 195, as follows:

¹ Pipeline Safety Violation Report (Violation Report), (June 20, 2016) (on file with PHMSA), at 1.

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 194.402(a), which states:

§ 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. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

The Notice alleged that Respondent violated 49 C.F.R. § 195.402(a) by failing to follow a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. Specifically, the Notice alleged that Respondent failed to follow its procedures for monitoring electrical isolation at casings along its pipeline system. Respondent's Corrosion Manual procedure A-02 External Corrosion Control, versions 12/2012, 09/2012, and 12/2011, and procedure J-02 External Corrosion Control version 09/2010, Section 9.4 states: "Annually during the corrosion control survey, installed electrical isolation devices shall be inspected for proper operation." The PHMSA inspector reviewed Respondent's External Corrosion records for Line Segment EB252US-US254GT. The records indicate that Respondent failed to inspect electrical isolation devices for proper isolation at six locations. In an email dated July 31, 2015, Respondent provided additional details on the missed readings.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.402(a) by failing to follow its manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.575(c), which states:

§ 195.575 Which facilities must I electrically isolate and what inspections, tests, and safeguards are required?

(a) You must electrically isolate each buried or submerged pipeline from other metallic structures, unless you electrically interconnect and cathodically protect the pipeline and the other structures as a single unit.

(c) You must inspect and electrically test each electrical isolation to assure the isolation is adequate.

The Notice alleged that Respondent violated 49 C.F.R. § 195.575(c) by failing to inspect and electrically test each electrical isolation at two casings along its pipeline system to assure the isolation is adequate. Specifically, the Notice alleged that in lieu of repairing shorted casing, Respondent monitored the casings with In-Line Inspection (ILI).

The PHMSA inspector reviewed Respondent's External Corrosion records for Line Segment EB252US-US254GT. The records indicated that there were two locations (five instances) in which the potential difference between the pipe-to-soil readings on the casing and carrier pipes was less than 100 millivolts.

In an email dated July 31, 2015, PHMSA asked Respondent to provide additional information for the two locations. Respondent responded as follows:

Location 39.880: "This casing was tested using the Panhandle Eastern test method in 2010 (WO 640030) and found to be shorted. The casing is being monitored by ILI and last inspected in 2013. There has been no growth of external features within the casing and maximum pit depth is less than 15%. The pipeline displays adequate cathodic protection at this crossing."

Location 48.280: "This casing was tested using the Panhandle Eastern test method in 2008 and found to be shorted. The casing is being monitored by ILI and last inspected in 2013. No external corrosion features have been identified in this casing. The pipeline displays adequate cathodic protection at this crossing."

Monitoring the shorted casings with ILI in lieu of repairing the short does not meet the requirement of §195.575(c).

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.575(c) by failing to inspect and electrically test each electrical isolation at two casings along its pipeline system to assure the isolation is adequate.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 195.402(c)(3), which states:

§ 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. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(c) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(1)

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

§195.583 What must I do to monitor atmospheric corrosion control?

(a)

(b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

The Notice alleged that Respondent violated 49 C.F.R. § 195.402(c)(3) by failing to prepare and follow a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. Specifically, the Notice alleged that Respondent failed to prepare and follow a procedure for monitoring atmospheric corrosion that gives particular attention to pipe under thermal insulation in accordance with § 195.583(b). During the investigation, the PHMSA inspector reviewed Respondent's Corrosion Manual procedure A-04 Visual Pipe Inspection, issued September 2013. The procedure did not explain what areas of the insulated piping should be inspected, such as damaged insulation, low points on vertical runs, areas where pipe supports penetrate the insulation jacketing, or areas with caulking deterioration. In addition, the procedure did not describe when portions of insulation should be removed to evaluate potential issues identified by visual observations.

Respondent stated that there was no other guidance on inspecting piping under thermal insulation in its written procedures.

In addition, the PHMSA inspector reviewed Respondent's triennial atmospheric corrosion inspection records at its Granville Terminal, dated April 2013. The feed lines into Respondent's Granville Terminal are insulated. Respondent stated that it had not removed the thermal insulation, nor inspected the piping under the insulation for corrosion since it has been installed in 2006.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.402(c)(3) by failing to prepare and follow a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies.

These findings of violations will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations. In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total

civil penalty of \$105,400 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$61,200 for Respondent's violation of 49 C.F.R. § 195.402(a) by failing to follow its procedures for monitoring electrical isolation at casings along its pipeline system. Respondent neither contested the allegation nor presented any evidence or argument justifying elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$61,200 for violation of 49 C.F.R. § 195.402(a).

Item 2: The Notice proposed a civil penalty of \$44,200 for Respondent's violation of 49 C.F.R. § 195.575(c) by failing to inspect and electrically test each electrical isolation at two casings along its pipeline system to assure the isolation is adequate. Respondent neither contested the allegation nor presented any evidence or argument justifying elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$44,200 for violation of 49 C.F.R. § 195.575(c).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$105,400**.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMK-325), Federal Aviation Administration, 6500 S MacArthur Blvd., Oklahoma City, Oklahoma 79169. The Financial Operations Division telephone number is (405) 954-8845.

Failure to pay the \$105,400 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 2 and 3 in the Notice for violations of 49 C.F.R. §§ 195.575(c) and 195.402(c)(3) respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.575(c) (**Item 2**), Respondent must review

and update its procedure A-05 Shorted Casing to include provisions that require remediating shorted casings. The procedures must be revised within 30 days of receipt of the Final Order.

2. With respect to the violation of § 195.575(c) (**Item 2**), Respondent must remediate the shorted casings at the 2 locations identified in Item Number 2, in accordance with the revised procedures, within 12 months of issuance of the Final Order.

3. With respect to the violation of § 195.402(c)(3) (**Item 3**), Respondent must give particular attention to pipe coating under thermal insulation during atmospheric corrosion monitoring. Respondent must review and update its procedure A-04 Visual Pipe Inspection to require performing atmospheric corrosion inspections on pipelines under thermal insulation. The procedures must be revised within 30 days of receipt of the Final Order. Respondent must inspect the piping under thermal insulation at the Granville Terminal, in accordance with the revised procedures, within 12 months of issuance of the Final Order.

4. Respondent 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.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

In addition, pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is requested (not mandated) to take the following action:

West Shore should 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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 C.F.R. § 190.243, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA

will accept petitions received no later than 20 days after receipt of service of this Final Order by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed. Unless the Associate Administrator, upon request, grants a stay, all other terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Alan K. Mayberry
Acting Associate Administrator
for Pipeline Safety

Date Issued