

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 2, 2010

Mr. James M. Collingsworth
President
Dixie Pipeline Company
1100 Louisiana Street
Houston, Texas 77002-5227

CPF 2-2010-5005

Dear Mr. Collingsworth:

On November 1, 2007, an accident occurred on the Dixie Pipeline Company (Dixie) propane pipeline in Clarke County, Mississippi. Representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) initiated an accident investigation pursuant to Chapter 601 of 49 United States Code. As a result of this accident investigation, it appears you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item investigated and the probable violation is:

1. § 190.203(e) Inspections and Investigations

(e) If a representative of the DOT investigates an incident involving a pipeline facility, OPS may request that the operator make available to the representative all records and information that pertain to the incident in any way, including integrity management plans and test results, and that the operator afford all reasonable assistance in the investigation.

Dixie did not make available to PHMSA all pertinent information regarding the Dixie pipeline system accident of November 1, 2007, and did not afford PHMSA representatives all reasonable assistance in its investigation of the accident. Dixie did so by failing to notify PHMSA in a timely manner that ten properties damaged by the accident did not receive Dixie's Public Awareness Program (PAP) brochure mailed to stakeholders along the Dixie pipeline system in May 2007 and by failing to notify PHMSA in a timely manner that certain information Dixie provided PHMSA representatives at the scene of the accident regarding its PAP was incorrect.

In May 2007, Dixie retained Paradigm Alliance, Inc. (Paradigm) to mail brochures titled "A Public Service Message - Pipeline Safety is Everyone's Responsibility" to identified stakeholders along the Dixie pipeline system as part of Dixie's PAP. On November 1, 2007, an accident occurred on the Dixie pipeline system in Clarke County, Mississippi. The accident resulted in property damage, seven injuries and two fatalities. Three days after the pipeline accident, Dixie discovered that ten damaged properties along County Road 621, including the two properties where the fatalities occurred, were not included in the May 2007 brochure mail-out.

Three months later, in February 2008, Paradigm provided Dixie with an explanation as to why these properties were missed in the mail-out and in August 2008 Paradigm sent a memo to Dixie explaining in detail how the property addresses had been missed and the steps Paradigm would take to avoid similar errors in the future.

While this information was pertinent to the accident investigation and should have been relayed to PHMSA representatives upon discovery, Dixie did not relay this information to PHMSA until January 22, 2009, more than 14 months after it first learned of the problem. It should be noted that at the time of the discovery several PHMSA representatives were in the vicinity of the accident site conducting an investigation and they were in daily contact with Dixie personnel.

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 \$78,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$78,700

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 2-2010-5005** 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

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