

NOV 1 2011

Mr. Michael E. McMahon
Senior Vice President and General Counsel
Gulf South Pipeline Company, LP
9 East Greenway Plaza
Suite 2800
Houston, TX 77046

Re: CPF No. 2-2011-1006

Dear Mr. McMahon:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$77,300. This is to acknowledge receipt of your payment of the full penalty amount, by wire transfer, dated June 24, 2011. This enforcement action is now 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,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Wayne Lemoi, Director, Southern Region, PHMSA
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, Pipeline Safety

CERTIFIED MAIL - RETURN RECEIPT REQUESTED [71791000164202820769]

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

In the Matter of)	
)	
Gulf South Pipeline Company, LP,)	CPF No. 2-2011-1006
)	
Respondent.)	
)	

FINAL ORDER

From June 22 - October 9, 2009, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted on-site pipeline safety inspections of the facilities and records of Gulf South Pipeline Company, LP (Gulf South or Respondent). Gulf South, a wholly-owned subsidiary of Boardwalk Pipeline Partners, LP, is an interstate natural gas pipeline system that operates approximately 7,700 miles of pipeline in Texas, Louisiana, Mississippi, Alabama, and Florida.¹

As a result of the inspection, the Director, Southern Region, OPS (Director), issued to Respondent, by letter dated May 17, 2011, a Notice of Probable Violation and Proposed Civil Penalty (Notice), which also included several warning items pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Gulf South committed violations of 49 C.F.R. Parts 191 and 192 and proposed assessing a civil penalty of \$77,300 for the alleged violations. The warning items required no further action, but warned the operator to correct the probable violations.

Gulf South responded to the Notice by letter dated June 24, 2011 (Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$77,300, as provided in 49 C.F.R. § 190.227. Payment of the penalty serves to close the case with prejudice to Respondent.

FINDINGS OF VIOLATION

In its Response, Gulf South did not contest the allegations in the Notice that it violated 49 C.F.R. Parts 191 and 192, as follows:

¹ See <http://www.gulfsouthpl.com/AboutUsGS.aspx>, (last accessed October 13, 2011).

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 191.15(b), which states:

§ 191.15 Transmission and gathering systems: Incident report.

(a) . . .

(b) Where additional related information is obtained after a report is submitted under paragraph (a) of this section, the operator shall make a supplemental report as soon as practicable with a clear reference by date and subject to the original report.

The Notice alleged that Respondent violated 49 C.F.R. § 191.15(b) by failing to make a supplemental report as soon as practicable after obtaining additional information related to an incident report filed under § 191.15. Specifically, the Notice alleged that Gulf South obtained additional information involving three separate reportable incidents and failed to submit supplemental reports, as soon as practicable.

While Gulf South completed a root cause analysis of a compressor failure on September 15, 2005, it did not submit a supplemental report until June 24, 2009, approximately three years and nine months later.² Gulf South completed a preliminary investigation of a different compressor failure on February 8, 2006, but failed to file a supplemental report with PHMSA until June 24, 2009, three years and four months later.³ Lastly, Respondent conducted a metallurgical analysis of a wrinkle bend failure on March 6, 2007, but sent the supplemental report on June 24, 2009, two years and three months later.⁴

Respondent did not contest this allegation of violation.⁵ Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 191.15(b) by failing to make a supplemental report regarding three reportable incidents as soon as practicable, after it obtained additional related information.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 192.167(a), which states, in relevant part:

§ 192.167 Compressor stations: Emergency shutdown.

(a) Except for unattended field compressor stations of 1,000 horsepower (746 kilowatts) or less, each compressor station must have an emergency shutdown system that meets the following:

(1) . . .

(4) It must be operable from at least two locations, each of which is:

(i) Outside the gas area of the station;

(ii) Near the exit gates, if the station is fenced, or near emergency

² The Incident Report (IR) number is 20050074 (dated July 15, 2005).

³ IR 20060034 (March 3, 2006).

⁴ IR 20070026 (March 5, 2007).

⁵ Gulf South personnel indicated that the supplemental report for IR 20050074, was withheld in anticipation of litigation. However, operators are not excused from their reporting requirements, irrespective of the circumstances. No explanation was given as to why the other cited supplemental reports were not conveyed to PHMSA, as soon as practicable.

exits, if not fenced; and

(iii) Not more than 500 feet (153 meters) from the limits of the station.

The Notice alleged that Respondent violated 49 C.F.R. § 192.167(a) by failing to have an emergency shutdown device near the exit gates of a fenced compressor station. Specifically, the Notice alleged that while Gulf South maintained an Emergency Shutdown system (ESD) at its Tallulah Compressor Station (Tallulah), the system was not operable from “at least two locations, each of which is . . . near the exit gates, if the station is fenced.” Tallulah is a fenced station and has two exit gates on its perimeter, neither of which is equipped with an ESD system initiation device.

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. § 192.167(a) by failing to have emergency shutdown devices near each of the exit gates of its Tallulah Compressor Station.

Item 5: The Notice alleged that Respondent violated 49 C.F.R. § 192.491(c), which states:

§ 192.491 Corrosion control records.

(a) . . .

(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§ 192.465 (a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.

The Notice alleged that Respondent violated 49 C.F.R. § 192.491(c) by failing to maintain a record of each test, survey or inspection required, in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. Specifically, the Notice alleged that, in three instances, Gulf South failed to maintain records in sufficient detail, as required under § 192.491(c).

In the first instance, Gulf South failed to maintain records for buried pipeline inspections in sufficient detail to demonstrate the adequacy of its corrosion control measures. PHMSA inspectors noted that two inspection work order forms did not include details on the depth, type, appearance, and extent of the pipe corrosion.⁶

Secondly, Gulf South failed to maintain records on “each interference bond whose failure would jeopardize structure protection . . . for proper performance,” as required by § 192.465(c). PHMSA inspectors determined that Gulf South’s bond records did not indicate, based on the electrical current and current direction recorded, whether further investigation was warranted.

⁶ Bellhole Inspection Work Order No. 23702695 (06/17/09) and Buried Pipeline Inspection Form Work Order Nos. 23479813 (05/18/06) and 23479812 *05/24/06).

Lastly, Gulf South failed to provide sufficiently detailed records to demonstrate that it took prompt remedial action to correct deficiencies identified in two separate instances, as required under § 192.465(d).

While a rectifier was documented as out of service for 16 months, between November 6, 2007, and March 6, 2009, and three follow-up orders were issued, no documentation was produced to justify this delay. A Gulf South technician indicated that the power company refused to restore service until a new pipeline was laid. However, this explanation was not reflected in Gulf South's records. Gulf South also failed to provide accurate and complete records involving a pipe-to-soil cathodic protection reading taken on May 18, 2006. The remediation records provided to PHMSA were deemed unreliable, as different "remediated" pipe-to-soil readings were indicated for the same readings and some work descriptions appeared to have been documented on the wrong work orders.

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. § 192.491(c) by failing to maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist.

Item 10: The Notice alleged that Respondent violated 49 C.F.R. § 192.805(b), which states:

§ 192.805 Qualification program.

- Each operator shall have and follow a written qualification program. The program shall include provisions to:
- (a) . . .
 - (b) Ensure through evaluation that individuals performing covered tasks are qualified;

The Notice alleged that Respondent violated 49 C.F.R. § 192.805(b) by failing to ensure through evaluation that it both has and follows a written qualification program that ensures individuals performing covered tasks were qualified. Specifically, the Notice alleged that Gulf South personnel performed covered tasks without being re-qualified, per Gulf South's Operator Qualification (OQ) program. While Gulf South requires that individuals performing covered tasks be requalified in three-year intervals, two individuals performed three covered tasks, in violation of this requirement.

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. § 192.805(b) by failing to follow its written qualification program to ensure through evaluation that individuals performing covered tasks were qualified.

WARNING ITEMS

With respect to Items 3, 4, 6, 7, 8, 9 and 11, the Notice alleged probable violations of Part 192 and specifically considered them to be warning items. The warnings were for the following Items.

49 C.F.R. § 192.463(a) (**Item 3**) — Respondent's alleged failure to provide either a level of cathodic protection that complied with at least one of the applicable criteria outlined in appendix D or a level of cathodic protection equivalent to compliance with one or more of the criteria. Gulf South found numerous pipe-to-soil readings between -0.850v to -0.900v acceptable, using a designated criterion of -0.850v. However, Respondent provided no explanation of how it considered this drop.

49 C.F.R. § 192.475(b) (**Item 4**) — Respondent's alleged failure to examine any pipe removed from a pipeline for any reason, for evidence of corrosion. The Notice alleged that Gulf South failed to inspect the internal surface of a coupon removed from the 8-inch Tristate Tap for the presence of internal corrosion.

49 C.F.R. § 192.603(b) (**Item 6**) — Respondent's alleged failure to keep various records necessary to administer the procedures established under § 192.605(b). The Notice alleged that Gulf South had either no documentation, inadequate, records or incorrect information with respect to pipe coatings and pipeline pressure.

49 C.F.R. § 192.612(c) (**Item 7**) — Respondent's alleged failure to notify OPS when it did not bury an exposed underwater pipeline within six months after discovery due to not obtaining the required permits to complete the work in time. The Notice alleged Gulf South did not notify PHMSA of a reburial delay for the 8-inch Quarantine Bay pipeline, whose reburial was delayed due to the time required to obtain permits from the Louisiana Department of Wildlife and Fisheries.

49 C.F.R. § 192.709(a) (**Item 8**) — Respondent's alleged failure to maintain records of each repair made to a transmission line, for as long as the pipe remained in service. The Notice alleged that Gulf South failed to correctly document the date, location, and repair of an external corrosion pit leak on January 9, 2007, in Respondent's automated work order (Maximo) system.

49 C.F.R. § 192.709(c) (**Item 9**) — Respondent's alleged failure to maintain a record of each patrol, survey, inspection and test required by subparts L and M of 49 C.F.R § 192 for at least five years or until the next patrol, survey, inspection, or test was completed, whichever was longer. The Notice alleged that Gulf South failed to correctly document inspection and testing of relief devices, gas detection systems and alarms, and pressure limiting stations at its Longview, Carthage Junction, Montpelier, and Destin compressor stations.

49 C.F.R. § 192.805 (**Item 11**) — Respondent's alleged failure to notify the Administrator or state agency after significantly monitoring its written qualification program. The Notice alleged that Gulf South failed to notify PHMSA that it merged the Texas Gulf and Gulf South OQ plans, effective March 3, 2008. Gulf South's OQ program was last inspected in 2004.

Gulf South presented information in its Response showing that it had taken actions to address the cited items. If OPS finds one or more of these issues in a subsequent inspection, Respondent may be subject to future enforcement action.

In summary, having reviewed the record and considered the assessment criteria, I assess Respondent a total civil penalty of **\$77,300**, which has already been paid by Respondent.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued