

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 20, 2012

Mr. Mike Moore
Vice President, Pipelines and Trucking Operations
Genesis Pipeline Alabama, LLC
919 Milam, Suite 2100
Houston, Texas 77002-5417

CPF 2-2012-6006W

Dear Mr. Moore:

From February 13-16, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected the Genesis Pipeline Alabama, LLC (Genesis-AL) Castleberry Pipeline's written operations and maintenance (O&M) procedures, records and facilities in Alabama pursuant to Chapter 601 of 49 United States Code.

As a result of the inspection, it appears that (Genesis-AL) has committed probable violations of the Pipeline Safety Regulations, in Title 49 of the Code of Federal Regulations. The items inspected and the probable violations are as follows:

1. §195.222 Welders: Qualification of welders.

(a) Each welder must be qualified in accordance with section 6 of API 1104 (incorporated by reference, see §195.3) or section IX of the ASME Boiler and Pressure Vessel Code, (incorporated by reference, see §195.3) except that a welder qualified under an earlier edition than listed in §195.3 may weld but may not re-qualify under that earlier edition.

Genesis-AL did not follow its written welding procedures because it did not document and keep welder qualification records as required by its written procedures.

The *Genesis Energy Liquid & CO₂ Operations, Maintenance and Emergency Procedures Manual* (LOM&E) is used by all Genesis Energy, L.P. companies operating hazardous liquid pipelines regulated under 49 CFR Part 195. LOM&E Section 2.15 *Welding* stated, in part, the following:

“Documentation

All welding projects must be documented. Documentation must be kept for the life of the pipeline and includes: . . . Welder qualification (coupon test or radiography results)”

Genesis did not provide welder qualification records for the welder who welded on the construction and installation of a check meter and associated piping fabrication at the terminus of the 8-inch Castleberry Line at the I-65 Junction in December 2010. While Genesis provided Operator Qualification (OQ) records that indicated the welder was qualified to direct the repair of certain defective welds, no records were provided to convey how and when the welder had been qualified to weld on the referenced project.

2. §195.305 Testing of components.

(a) Each pressure test under §195.302 must test all pipe and attached fittings, including components, unless otherwise permitted by paragraph (b) of this section.

Genesis-AL did not pressure test all fittings, including components, of a fabricated assembly that was installed at the terminus of the 8-inch Castleberry Line at the I-65 Junction in December 2010. The components and fittings included a strainer, a meter, weld neck flanges, and pipe fittings. The exemption in §195.305(b) did not apply because more than one component was installed.

3. §195.442 Damage prevention program.

. . . (c) The damage prevention program required by paragraph (a) of this section must, at a minimum:

(1) Include the identity, on a current basis, of persons who normally engage in excavation activities in the area in which the pipeline is located.

Genesis-AL did not include the identity, on a current basis, of persons who normally engage in excavation activities in the area in which the pipeline is located.

Genesis-AL did not provide any records to indicate it had identified persons who normally engage in excavation activities in Conecuh County, Alabama for calendar years 2010 and 2011. The 8-inch Castleberry Line traverses through Conecuh County for approximately 13 miles, and is located within about 9 miles from the town of Evergreen, Conecuh County. An internet search of building and construction companies by the PHMSA inspector found several companies located in Evergreen that would be considered excavators, including water well drillers, general contractors, and heavy construction contractors.

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. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Genesis Pipeline Alabama, LLC being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 2-2012-6006W**. 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).

Sincerely,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region