

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 10, 2014

Mr. David Vattimo
President & CEO
Epic Midstream, LLC
2100 West Loop South, Suite 900
Houston, TX 77027

CPF 2-2014-6003

Dear Mr. Vattimo:

On May 31, 2013, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern Region Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code, inspected the Epic Midstream, LLC (Epic) Integrity Management Program (IMP) for the Epic Midstream pipeline system in Macon, Georgia. This IMP covers the Robins AFB pipeline as well as other pipelines operated by Epic.

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

1. §195.452 Pipeline integrity management in high consequence areas.

... (j) What is a continual process of evaluation and assessment to maintain a pipeline's integrity?

(1) General. After completing the baseline integrity assessment, an operator must continue to assess the line pipe at specified intervals and periodically evaluate the integrity of each pipeline segment that could affect a high consequence area.

Epic did not properly complete the re-assessment of the line pipe in each segment of its Robins AFB pipeline that could affect a high consequence area (HCA).

Epic completed its IMP baseline assessment of the Robins AFB pipeline in December 2007 using hydrostatic pressure testing. Epic then attempted the re-assessment of its Robins AFB pipeline using External Corrosion Direct Assessment (ECDA) from June 2011 through December 2012, but did not use ECDA correctly along the entire length of the line pipe that could affect an HCA. Therefore, Epic did not complete the reassessment of the pipeline by the due date of August 2013.

2. §195.452 Pipeline integrity management in high consequence areas.

... (l) What records must be kept?

(1) An operator must maintain for review during an inspection:

(ii) Documents to support the decisions and analyses, including any modifications, justifications, variances, deviations and determinations made, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.

Epic did not properly document the decisions, analyses, and actions it took to implement and evaluate each element of its integrity management program in selecting ECDA as the tool for reassessment of its Robins AFB pipeline.

Specifically, Epic failed to adequately document the analyses and decisions of 1) the identification of ECDA Regions, 2) the selection of indirect inspection tools, and 3) the use of more restrictive criteria for the first time application. The decisions and analyses for these items were not documented during the ECDA Pre-Assessment phase.

3. §195.588 What standards apply to direct assessment?

... (b) The requirements for performing external corrosion direct assessment are as follows:

(1) General. You must follow the requirements of NACE SP0502 (incorporated by reference, see § 195.3). Also, you must develop and implement a External Corrosion Direct Assessment (ECDA) plan that includes procedures addressing pre-assessment, indirect examination, direct examination, and post-assessment.

Epic did not develop and implement an ECDA plan with procedures for pre-assessment, indirect examination, direct examination, and post-assessment that complied with the requirements of NACE SP0502. That is, Epic did not properly

- Perform the Data Collection requirement (NACE SP 0502 Section 3.2)
- Determine the ECDA Feasibility (NACE SP 0502 Section 3.3)
- Determine Indirect Inspection tools (NACE SP 0502 Section 3.4) because the tools selected for pipe (aboveground and cased) are not applicable
- Determine ECDA Regions (NACE SP 0502 Section 3.5) because Epic used a single Region to include line pipe in casings and above ground line pipe that should have been in a separate ECDA Region(s)
- Perform the Indirect Inspection because both indirect inspection tools were not used over the entire length of the ECDA Region (NACE SP 0502 Section 4.1.2)
- Determine the *Severity Classification* of each indication because Epic did not establish the criteria for indirect inspection tools
- Prioritize indications for Direct Examination because Epic did not establish criteria
- Conduct Direct Examinations (NACE SP 0502) because Epic did not define and follow minimum data collection requirements
- Include at least two additional ECDA direct examinations at randomly selected sites (NACE SP 0502 Section 6.4.2)

Warning Items

Under 49 United States Code, § 60122, Epic Midstream, LLC 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. We have reviewed the circumstances and supporting documents involved in this case, and with respect to items 2 and 3 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 Epic Midstream, LLC being subject to additional enforcement action.

Proposed Compliance Order

With respect to Item Number 1, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Epic Midstream, LLC. 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. 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 2-2014-6003** 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

Enclosures: *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 Epic Midstream, LLC (Epic) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Epic.

1. In regard to Item Number 1 of the Notice pertaining to the failure of Epic to re-assess the line pipe in each segment of its Robins AFB pipeline that could affect an HCA; Epic must
 - a. assess the line pipe in accordance with §195.452(j)(5) within 120 days of receipt of a Final Order,
 - b. notify the OPS Southern Region, at least 30 days prior to assessing the line pipe, of the planned dates for performing the assessment, the assessment methods to be used, and provide the procedures for performing the assessment,
 - c. notify the OPS Southern Region when the assessment has been completed; and,
 - d. within 30 days of completion of the assessment, Epic must make available for OPS inspection all records, and documentation showing the completion of the assessment.
2. It is requested (not mandated) that Epic maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Wayne T. Lemoi, Director, Southern Region – Office of Pipeline Safety, 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.