

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 7, 2016

Mr. Tim Felt
President & CEO
Colonial Pipeline Company
1185 Sanctuary Parkway
Suite 100
Alpharetta, GA, 30009

CPF 2-2016-5004W

Dear Mr. Felt:

On May 23 – 26, 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Colonial Pipeline Company's (Colonial) records and facilities in Port Arthur, Texas.

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

- 1. §195.404 Maps and records.**
 - ... (c) Each operator shall maintain the following records for the periods specified:**
 - ... (3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.**

Colonial did not maintain records for monthly breakout tanks inspections required by §195.432(b).

Colonial did not have records for the following required monthly inspections of the referenced breakout tanks in the Port Arthur Products Station (PAPS):

January 2016 - Tank 4584

March 2016 - Tanks 1469 and 5001

April 2016 - Tanks 1373, 1375, 1376, 1437, 1467, and 5001

Prior to PHMSA's review of the monthly breakout tank inspection records for the PAPS facility, Colonial provided the PHMSA inspector a *Memo to File* document, dated May 17, 2016, that identified the issue and the corrective actions Colonial had taken to prevent a recurrence.

2. §195.420 Valve maintenance.

... (b) Each operator shall, at intervals not exceeding 7½ months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

Colonial did not inspect each mainline valve at least twice each calendar year at intervals not exceeding 7 ½ months.

The 42 mainline valves at the following locations were inspected once during the 2015 calendar year:

<u>Line #</u>	<u>Station</u>	<u>Description</u>	<u>2015 Inspection</u>
1	0+00	Port Arthur	7/14/2015
1	1049+04	Orange Station Incoming	6/8/2015
1	1052+29	Orange Station Outgoing	6/8/2015
1	143+48	Central Gardens	6/12/2015
1	2+04	Hebert Outgoing	6/29/2015
1	3248+45	Interstate 10	6/12/2015
1	3354+07	Highway 124	6/12/2015
1	3799+21	Steinhagen Rd	6/12/2015
1	3867+20	Hillebrandt Bayou	6/12/2015
1	389+56	Hebert/Port Arthur Trap	7/7/2015
1	4076+40	Hebert Incoming	6/29/2015
1	4080+15	Hebert Loop	6/29/2015
1	514+29	Neches River	6/8/2015
1	820+88	Cow Bayou	6/8/2015
1	93+50	North Port Arthur	6/23/2015
2	0+18	Port Arthur	7/14/2015
2	3047+73	League Rd	6/12/2015
2	3825+57	Steinhagen Rd	6/12/2015
2	391+05	Hebert/Port Arthur Trap	7/14/2015
2	4100+27	Hebert/Houston Trap	7/7/2015

<u>Line #</u>	<u>Station</u>	<u>Description</u>	<u>2015 Inspection</u>
2	4100+32	Hebert/Houston Trap	7/7/2015
2	4100+92	Hebert Loop	6/29/2015
2	4101+36	Hebert/LC Trap	7/14/2015
2	4101+38	Hebert/LC Trap	7/14/2015
2	4613+97	Neches River	6/8/2015
2	5148+43	Orange	6/8/2015
2	93+70	North Port Arthur	6/22/2015
8	0+00	Beaumont	7/15/2015
8	217+55	Magpetco Junction	6/15/2015
8	390+79	Hebert H-Header 1	6/30/2015
8	390+84	Hebert H-Header 2	6/30/2015
8	392+98	Hebert Trap	6/30/2015
8	52+87	Ex/Mb Refinery 1	7/28/2015
8	53+14	Ex/Mb Refinery 2	7/28/2015
8	76+03	Olin Rd	6/12/2015
9	0+00	Beaumont Trap	6/29/2015
9	387+27	Hebert H-Header 1	6/30/2015
9	387+32	Hebert H-Header 2	6/30/2015
9	388+86	Hebert Trap	6/30/2015
9	76+39	Olin Rd	6/12/2015
10	0+00	Hebert Trap	7/14/2015
10	155+17	TEPPCO Trap	6/15/2015

Prior to PHMSA's review of the mainline valve inspection records, Colonial provided the PHMSA inspector a *Memo to File* document, dated May 9, 2016, that identified the issue and the corrective actions Colonial had taken to prevent a recurrence.

Under 49 United States Code, § 60122, you 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 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 Colonial Pipeline Company 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 2-2016-5004W**. 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,

James A. Urisko
Director, Office of Pipeline Safety
PHMSA Southern Region