



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

901 Locust Street, Suite 462
Kansas City, MO 64106-2641

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 2, 2010

Mr. John Gurrola, Vice President and Manager
Wolverine Pipe Line Company
8075 Creekside Drive, Suite 210
Portage, MI 49024-5251

CPF 3-2010-5004M

Dear Mr. Gurrola:

On October 22-26, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Wolverine Pipe Line Company's procedures and records as part of a standard unit inspection in Portage, MI.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Wolverine Pipe Line Company's plans or procedures, as described below:

1. **§195.120 Passage of internal inspection devices.**
 - (a) **Except as provided in paragraphs (b) and (c) of this section, each new pipeline and each line section of a pipeline where the line pipe, valve, fitting or other line component is replaced, must be designed and constructed to accommodate the passage of instrumented internal inspection devices.**

Wolverine Pipe Line Company did not maintain an adequate manual that addresses how each new pipeline or pipeline replacement component must be designed and constructed to accommodate the passage of instrumented internal inspection devices. The Wolverine DOT Liquids Manual needs additional detail concerning the accommodation of instrumented internal inspection devices in new or replaced pipelines.

2. **§195.214 Welding procedures.**

- (a) Welding must be performed by a qualified welder in accordance with welding procedures qualified under Section 5 of API 1104 or Section IX of the ASME Boiler and Pressure Vessel Code (ibr, see § 195.3). The quality of the test welds used to qualify the welding procedure shall be determined by destructive testing.**

Wolverine Pipe Line Company did not specify whether procedures are qualified under Section 5 of API 1104 or Section IX of the ASME Boiler and Pressure Vessel Code in their WPL welding manual. Wolverine Pipeline (WPL) Welding Manual Version 1, October 2006, Section 3, Welding and Welder Qualification, does not specifically require that procedures be qualified per Section 5.0 of API 1104 or Section IX of ASME Boiler and Pressure Vessel Code.

3. **§195.222 Welders: Qualification of welders.**

- (a) Each welder must be qualified in accordance with section 6 of API 1104 (ibr, see § 195.3 or section IX of the ASME Boiler and Pressure Vessel Code, (ibr, 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.**

Wolverine Pipe Line Company procedures did not specify that each welder must be qualified in accordance with section 5 of API 1104 (ibr, see § 195.3 or section IX of the ASME Boiler and Pressure Vessel Code, (ibr, see § 195.3). A welder qualified under an earlier edition than listed in § 195.3 may weld but may not re-qualify under that earlier edition. Wolverine Pipeline Welding Manual, Version 1, October 2006, Section 3.2.4 Policy, does not stipulate that a welder may not be re-qualified under an earlier version of API 1104

4. **§195.222 Welders: Qualification of welders.**

(b) No welder may weld with a welding process unless, within the preceding 6 calendar months, the welder has--

- (1) Engaged in welding with that process; and**
- (2) Had one welded tested and found acceptable under section 9 of API 1104 (ibr, see § 195.3).**

Wolverine Pipe Line Company did not cite in their welding manual that no welder may weld with a welding process unless, within the preceding 6 calendar months, the welder has engaged in welding with that process and had one weld tested and found acceptable under section 9 of API 1104. The Wolverine Pipeline Welding Manual, Version 1, October 2006, Section 3.2.5, Welder Requalification, does not require either welding in the past 6 months or have a weld tested in the past 6 months as criteria.

5. **§195.228 Welds and welding inspection: Standards of acceptability.**

(b) The acceptability of a weld is determined according to the standards in Section 9 of API 1104. However, if a girth weld is unacceptable under those standards for a reason other than a crack, and if Appendix A to API 1104 (ibr, see § 195.3) applies to the weld, the acceptability of the weld may be determined under that appendix.

Wolverine Pipe Line Company did not cite in their welding manual, the acceptability of a weld according to the standards in Section 9 of API 1104. The WPL Welding Manual, Section 6.0, Radiographic Testing, does not specifically require NDT procedures to be qualified per Section 9 of API 1104.

6. **§195.234 Welds: Nondestructive testing.**

(a) A weld may be nondestructively tested by any process that will clearly indicate any defects that may affect the integrity of the weld.

(b) Any nondestructive testing of welds must be performed--

- (1) In accordance with a written set of procedures for nondestructive testing; and**

- (2) With personnel that have been trained in the established procedures and in the use of the equipment employed in the testing.**
- (c) Procedures for the proper interpretation of each weld inspection must be established to ensure the acceptability of the weld under §195.228.**
- (d) During construction, at least 10 percent of the girth welds made by each welder during each welding day must be nondestructively tested over the entire circumference of the weld.**
- (e) All girth welds installed each day in the following locations must be nondestructively tested over their entire circumference, except that when nondestructive testing is impracticable for a girth weld, it need not be tested if the number of girth welds for which testing is impracticable does not exceed 10 percent of the girth welds installed that day:**

 - (1) At any onshore location where a loss of hazardous liquid could reasonably be expected to pollute any stream, river, lake, reservoir, or other body of water, and any offshore area;**
 - (2) Within railroad or public road rights-of-way;**
 - (3) At overhead road crossings and within tunnels;**
 - (4) Within the limits of any incorporated subdivision of a State government; and,**
 - (5) Within populated areas, including, but not limited to, residential subdivisions, shopping centers, schools, designated commercial areas, industrial facilities, public institutions, and places of public assembly.**
- (f) When installing used pipe, 100 percent of the old girth welds must be nondestructively tested.**
- (g) At pipeline tie-ins, including tie-ins of replacement sections, 100 percent of the girth welds must be nondestructively tested.**

Wolverine Pipe Line Company did not specify in their welding manual that a weld may be nondestructively tested by any process that will clearly indicate any defects that may affect the integrity of the weld. Any nondestructive testing of welds must be performed in accordance with a written set of procedures for nondestructive testing; and with personnel that have been trained in the established procedures and in the use of the equipment employed in the testing. The WPL Welding Manual, Section 6.0, Radiographic Testing, does not specify the minimum number and location of welds to be nondestructively tested.

7. §195.404 Maps and Records.

(a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information;

(1) Location and identification of the following pipeline facilities;

(iii) Scraper and sphere facilities;

Wolverine Pipe Line Company procedures did not stipulate current maps and records be maintained that would identify scraper and sphere facilities along their pipeline system in the WPL manual. The WPL Liquids Manual needs to incorporate scraper and sphere facilities into maps and records requirements.

8. §195.404 Maps and Records.

(2) All crossings of public roads, railroads, rivers, buried utilities, and foreign pipelines.

Wolverine Pipe Line Company procedures did not stipulate current maps and records be maintained that would identify all crossings of public roads, railroads, rivers, buried utilities, and foreign pipelines along their pipeline system in the WPL manual. The WPL Liquids Manual needs to incorporate rivers, buried utilities and foreign pipelines into maps and records requirements.

9. §195.406 Maximum operating pressure.

(a) Except for surge pressures and other variations from normal operations, no operator may operate a pipeline at a pressure that exceeds any of the following:

(1) The internal design pressure of the pipe determined in accordance with §195.106. However, for steel pipe in pipelines being converted under §195.5, if one or more factors of the design formula (§195.106) are unknown, one of the following pressures is to be used as design pressure:

Wolverine Pipe Line Company did not specify in the WPL DOT Liquids manual the maximum operating pressure criteria that no operator may operate a pipeline at a pressure that exceeds the internal design pressure of the pipeline. The WPL DOT Liquids Manual should reference the ExxonMobil Onshore Pipeline Design, GP 59-01-01 Section, Section 5.4 MAOP/MOP or be incorporated in the WPL Liquids Manual.

10. §195.406 Maximum operating pressure.

(a) Except for surge pressures and other variations from normal operations, no operator may operate a pipeline at a pressure that exceeds any of the following:

(2) The design pressure of any other component of the pipeline.

Wolverine Pipe Line Company did not specify in the WPL DOT Liquids manual the maximum operating pressure criteria that no operator may operate a pipeline at a pressure that exceeds the design pressure of any component of the pipeline. The WPL DOT Liquids Manual should reference the ExxonMobil Onshore Pipeline Design, GP 59-01-01 Section, Section 5.4 MAOP/MOP or be incorporated in the WPL Liquids Manual.

11. §195.406 Maximum operating pressure.

(b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.

Wolverine Pipe Line Company did not specify in the WPL DOT Liquids manual that no operator may permit the pressure in a pipeline to exceed 110 percent of the operating pressure limit established. The WPL DOT Liquids Manual should reference the ExxonMobil Onshore Pipeline Design GP 59-01-01, Section 5.5, Normal Operating Conditions or be incorporated in the WPL Liquids Manual.

12. §195.438 Smoking or open flames.

Each operator shall prohibit smoking and open flames in each pump station area and each breakout tank area where there is a possibility of the leakage of a flammable hazardous liquid or of the presence of flammable vapors.

Wolverine Pipe Line Company did not specify in the WPL DOT Liquids Manual or the Wolverine Safety Manual the prohibition of smoking and open flames in each pump station and breakout tank area where there is a possibility of the leakage of a flammable hazardous liquid or the presence of flammable vapors. The Wolverine DOT Liquid Manual refers to the Wolverine Safety Manual for details on sign placement to prohibit smoking and open flames. The Safety Manual needs additional detail on sign placement.

13. §195.442 Damage Prevention Program

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

(6) Provide as follows for inspection of pipelines that an operator has reason to believe could be damaged by excavation activities:

(i) The inspection must be done as frequently as necessary during and after the activities to verify the integrity of the pipeline; and

(ii) In the case of blasting, any inspection must include leakage surveys.

Wolverine Pipe Line Company did not specify in their WPL One-Call Procedures Manual that in the case of blasting, any inspection must include leakage surveys. The WPL One-Call Procedures Manual (5/22/07), page 14, Wolverine Pipeline Company Excavation/Construction Restrictions, page 14, needs to incorporate leak surveying after blasting in the vicinity of the pipeline.

14. §195.559 What coating material may I use for external corrosion control?

Coating material for external corrosion control under Sec. 195.557 must--

- (a) Be designed to mitigate corrosion of the buried or submerged pipeline;**
- (b) Have sufficient adhesion to the metal surface to prevent under film migration of moisture;**
- (c) Be sufficiently ductile to resist cracking;**
- (d) Have enough strength to resist damage due to handling and soil stress;**
- (e) Support any supplemental cathodic protection; and**
- (f) If the coating is an insulating type, have low moisture absorption and provide high electrical resistance.**

Wolverine Pipe Line Company did not maintain an adequate manual that addresses the type of coating material required for external corrosion control. The Wolverine Pipe Line (WPL) Liquid Manual does not contain specific requirements and recommendations for pipe coating. The revised manual should refer to an ExxonMobil global practice or incorporate this information into the WPL Liquid Manual.

15. §195.581 Which pipelines must I protect against atmospheric corrosion and what coating material may I use?

(a) You must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

(b) Coating material must be suitable for the prevention of atmospheric corrosion.

(c) Except portions of pipelines in offshore splash zones or soil-to-air interfaces, you need not protect against atmospheric corrosion any pipeline for which you demonstrate by test, investigation, or experience appropriate to the environment of the pipeline that corrosion will-

(1) Only be a light surface oxide; or

(2) Not affect the safe operation of the pipeline before the next scheduled inspection.

Wolverine Pipe Line Company did not maintain an adequate manual that addresses which pipelines must be protected against atmospheric corrosion and the coating material that must be used according to the code. The Wolverine Pipe Line (WPL) Liquid Manual does not contain specific requirements and recommendations for coating to prevent atmospheric corrosion. The revised manual should refer to an ExxonMobil global practice or incorporate this information into the WPL Liquid Manual.

Wolverine Pipe Line Company has revised the noted procedures and submitted them to PHMSA on August 27, 2009. The revised procedures are acceptable and no further revisions are required. This Notice of Amendment provides concurrence with the Wolverine Pipe Line Company's revised WPL Liquid Manual.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit any additional amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF 3-2010-5004M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



Ivan A. Huntoon
Director, Central Region
Pipeline and Hazardous Materials Safety Administration

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

Response Options for Pipeline Operators in Compliance Proceedings

The requirements of 49 C.F.R. Part 190, Subpart B (§§ 190.201–190.237) govern response to Notices issued by a Regional Director, Pipeline and Hazardous Materials Safety Administration (PHMSA).

Be advised that all material submitted by a respondent in response to an 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).

I. Procedures for Responding to a NOTICE OF PROBABLE VIOLATION:

Within 30 days of receipt of a Notice of Probable Violation, the respondent shall respond to the Regional Director who issued the Notice in the following way:

a. When the Notice contains a proposed CIVIL PENALTY* --

1. If you are not contesting any violations alleged in the Notice, pay the proposed civil penalty and advise the Regional Director of the payment. This authorizes PHMSA to issue an order making findings of violation and upon confirmation that the payment has been received PHMSA will close the case with prejudice to the respondent. Payment terms are outlined below;
2. If you are not contesting any violations alleged in the Notice but wish to submit written explanations, information, or other materials you believe warrant mitigation of the civil penalty, you may submit such materials. This authorizes PHMSA to make findings and to issue a Final Order assessing a penalty amount up to the amount proposed in the Notice. Refer to 49 C.F.R. § 190.225 for assessment considerations, which include the respondent's ability to pay and the effect on the respondent's ability to stay in business, upon which civil penalties are based;
3. If you are contesting one or more of the items in the Notice but are not requesting an oral hearing, submit a written response to the allegations and/or seek elimination or mitigation of the proposed civil penalty; or
4. Request a hearing as described below to contest the allegations and/or proposed assessment of a civil penalty.

b. When the Notice contains a proposed COMPLIANCE ORDER* --

1. If you are not contesting the compliance order, notify the Regional Director that you intend to take the steps in the proposed compliance order;
2. If you are not contesting the compliance order but wish to submit written explanations, information, or other materials you believe warrant modification of the proposed compliance order in whole or in part, or you seek clarification of the terms of the proposed compliance order, you may submit such materials. This authorizes PHMSA to make findings and issue a compliance order;
3. If you are contesting the proposed compliance order but are not requesting an oral hearing, submit written explanations, information, or other materials in answer to the allegations in the Notice and stating your reasons for objecting to the proposed compliance order items in whole or in part; or
4. Request a hearing as described below to contest the allegations and/or proposed compliance order items.

c. When the Notice contains a WARNING ITEM --

No written response is required. The respondent is warned that if it does not take appropriate action to correct these items, enforcement action will be taken if a subsequent inspection reveals a violation.

* Failure of the respondent to respond to the Notice within 30 days of receipt constitutes a waiver of the right to contest the allegations in the Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in the Notice without further notice to the respondent and to issue a Final Order.

II. Procedures for Responding to a NOTICE OF AMENDMENT*--

Within 30 days of receipt of a Notice of Amendment, the respondent shall respond to the Regional Director who issued the Notice in the following way:

- a. If you are not contesting the Notice, notify the Regional Director of your plans to address the inadequacies identified in the Notice;
- b. If you are not contesting the Notice but wish to submit written explanations, information, or other materials you believe warrant modification of the Notice of Amendment in whole or in part, or you seek clarification of the terms of the

Notice of Amendment, you may submit such materials. This authorizes PHMSA to make findings and issue an Order Directing Amendment;

- c. If you are contesting the Notice of Amendment but are not requesting an oral hearing, submit written explanations, information, or other materials in answer to the allegations in the Notice and stating your reasons for objecting to the Notice of Amendment items in whole or in part; or
- d. Request a hearing as described below to contest the allegations in the Notice.

* Failure of the respondent to respond to the Notice within 30 days of receipt constitutes a waiver of the right to contest the allegations in the Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in the Notice without further notice to the respondent and to issue a Final Order.

III. **Procedure for Requesting a Hearing**

A request for a hearing must be in writing and accompanied by a statement of the issues that the respondent intends to raise at the hearing. The issues may relate to the allegations, new information, or to the proposed compliance order or proposed civil penalty amount. Refer to 49 C.F.R. § 190.225 for assessment considerations upon which civil penalties are based. A respondent's failure to specify an issue may result in waiver of the right to raise that issue at the hearing. The respondent's request must also indicate whether or not respondent will be represented by counsel at the hearing. Failure to request a hearing in writing within 30 days of receipt of a Notice waives the right to a hearing. In addition, if the amount of the proposed civil penalty or the proposed corrective action is less than \$10,000, the hearing will be held by telephone, unless the respondent submits a written request for an in-person hearing. Complete hearing procedures can be found at 49 C.F.R. § 190.211.

IV. **Extensions of Time**

An extension of time to prepare an appropriate response to a Notice may be granted, at the agency's discretion, following submittal of a written request to the Regional Director. The request must indicate the amount of time needed and the reasons for the extension. The request must be submitted within 30 days of receipt of the Notice.

V. **Freedom of Information Act**

Any material provided to PHMSA by the respondent, and materials prepared by PHMSA including the Notice and any order issued in this case, may be considered public information and subject to disclosure under the Freedom of Information Act (FOIA). If you believe the information you are providing is security sensitive, privileged, confidential or may cause your company competitive disadvantages, please clearly identify the material and provide justification why the documents, or portions of a document, should not be released under FOIA. If we receive a request for your material, we will notify you if PHMSA, after reviewing the materials and your provided justification, determines that withholding the materials does not meet any exemption

provided under the FOIA. You may appeal the agency's decision to release material under the FOIA at that time. Your appeal will stay the release of those materials until a final decision is made.

VI. **Small Business Regulatory Enforcement Fairness Act Information**

The Small Business and Agricultural Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you wish to comment on the enforcement actions of the Pipeline and Hazardous Materials Safety Administration, call 1-888-REG-FAIR (1-888-734-3247) or go to http://www.sba.gov/ombudsman/dsp_faq.html.

VII. **Payment Instructions**

Civil Penalty Payments of Less Than \$10,000

Payment of a civil penalty of less than \$10,000 proposed or assessed, under Subpart B of Part 190 of the Pipeline Safety Regulations can be made by certified check, money order or wire transfer. Payment by certified check or money order (containing the CPF Number for this case) should be made payable to the "Department of Transportation" and should be sent to:

Federal Aviation Administration
Mike Monroney Aeronautical Center
Financial Operations Division (AMZ-341) P.O. Box 269039
Oklahoma City, OK 73125-4915

Wire transfer payments of less than \$10,000 may be made through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfer should be directed to the Financial Operations Division at (405) 954-8893, or at the above address.

Civil Penalty Payments of \$10,000 or more

Payment of a civil penalty of \$10,000 or more proposed or assessed under Subpart B of Part 190 of the Pipeline Safety Regulations must be made wire transfer (49 C.F.R. § 89.21 (b)(3)), through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfers should be directed to the Financial Operations Division at (405) 954-8893, or at the above address.

INSTRUCTIONS FOR ELECTRONIC FUND TRANSFERS

(1) <u>RECEIVER ABA NO.</u> 021030004	(2) <u>TYPE/SUB-TYPE</u> (Provided by sending bank)
(3) <u>SENDING BANK ABA NO.</u> (Provided by sending bank)	(4) <u>SENDING BANK REF NO.</u> (Provided by sending bank)
(5) <u>AMOUNT</u>	(6) <u>SENDING BANK NAME</u> (Provided by sending bank)
(7) <u>RECEIVER NAME</u> TREAS NYC	(8) <u>PRODUCT CODE</u> (Normally CTR, or as provided by sending bank)
(9) <u>BENEFICIAL (BNF) = AGENCY LOCATION CODE</u> BNF = /ALC-69-14-0001	(10) <u>REASONS FOR PAYMENT</u> Example: PHMSA - CPF # / Ticket Number/Pipeline Assessment number

INSTRUCTIONS: You, as sender of the wire transfer, must provide the sending bank with the information for blocks (1), (5), (7), (9), and (10). The information provided in Blocks (1), (7), and (9) are constant and remain the same for all wire transfers to the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

Block #1 - RECEIVER ABA NO. - "021030004". Ensure the sending bank enters this 9-digit identification number; it represents the routing symbol for the U.S. Treasury at the Federal Reserve Bank in New York.

Block #5 - AMOUNT - You as the sender provide the amount of the transfer. Please be sure the transfer amount is punctuated with commas and a decimal point. **EXAMPLE: \$10,000.00**

Block #7 - RECEIVER NAME - "TREAS NYC". Ensure the sending bank enters this abbreviation. It must be used for all wire transfers to the Treasury Department.

Block #9 - BENEFICIAL - AGENCY LOCATION CODE - "BNF=/ALC-69-14-0001". Ensure the sending bank enters this information. This is the Agency Location Code for the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

Block #10 - REASON FOR PAYMENT - "AC-payment for PHMSA Case # / To ensure your wire transfer is credited properly, enter the case number/ticket number or Pipeline Assessment number, and country."

NOTE: A wire transfer must comply with the format and instructions or the Department cannot accept the wire transfer. You as the sender can assist this process by notifying the Financial Operations Division (405) 954-8893 at the time you send the wire transfer.

February 2009