

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 23, 2010

Mr. David Justin
Vice President, Operations
Sunoco Logistics Partners, L.P.
525 Fritztown Road
Sinking Spring, Pennsylvania 19608

CPF 3-2010-5012

Dear Mr. Justin:

During the weeks of June 22-26, July 20-24, July 27-31, August 17-21, and August 24-28, 2009, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Mid-Valley Pipeline Company (Mid-Valley) facilities in Texas, Pennsylvania, Mississippi, Tennessee, Kentucky, Ohio, and Michigan.

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

1. §195.403 Emergency Response Training.

(a) Each operator shall establish and conduct a continuing training program to instruct emergency response personnel to:

(1) Carry out the emergency procedures established under 195.402 that relate to their assignments;

Mid-Valley could not provide documentation to indicate that one of its employees was provided the HES Emergency Response Plan Review and HES Emergency Support Center training in 2008.

2. §195.412 Inspection of rights-of-way and crossings under navigable waters.

(b) Except for offshore pipelines, each operator shall, at intervals not exceeding 5 years, inspect each crossing under a navigable waterway to determine the condition of the crossing.

Mid-Valley did not inspect its pipeline crossing under the Ohio River within the required 5-year interval. The crossing was inspected in May 2004 and then again in August 2009, which is longer than 5 years.

3. §195.452 Pipeline integrity management in high consequence areas.

(h) What actions must an operator take to address integrity issues?

(4) Special requirements for scheduling remediation

(i) Immediate repair conditions. An operator's evaluation and remediation schedule must provide for immediate repair conditions. To maintain safety, an operator must temporarily reduce the operating pressure or shut down the pipeline until the operator completes the repair of these conditions. An operator must calculate the temporary reduction in operating pressure using the formula in section 451.7 of ASME/ANSI B31.4 (incorporated by reference, see § 195.3), if applicable. If the formula is not applicable to the type of anomaly or would produce a higher operating pressure, an operator must use an alternative acceptable method to calculate a reduced operating pressure. An operator must treat the following conditions as immediate repair conditions:

(C) A dent located on the top of the pipeline (above the 4 and 8 o'clock positions) that has any indication of metal loss, cracking or a stress riser.

Mid-Valley did not repair immediate conditions in a high-consequence area prior to removing a temporary pressure reduction. Mid-Valley identified two top-side dents with metal loss on August 7, 2006, and implemented a 20% operating pressure reduction. Mid-Valley decided to remove the imposed pressure restriction and return the pipeline to the

established maximum operating pressure on August 17, 2007, without repairing the conditions. Even though Mid-Valley removed the temporary pressure restriction, operating pressure records indicate that the actual operating pressure in the pipeline did not exceed the restriction. The pipeline was ultimately purged of product and taken out of service on August 14, 2008. If Mid-Valley elects to return the pipeline into service, it must first repair these two conditions.

4. §195.573 What must I do to monitor external corrosion control?

(e) Corrective action. You must correct any identified deficiency in corrosion control as required by Sec. 195.401(b).

§195.401 General requirements.

(b) Whenever an operator discovers any condition that could adversely affect the safe operation of its pipeline system, it shall correct it within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the operator may not operate the affected part of the system until it has corrected the unsafe condition.

Mid-Valley did not correct identified deficiencies in corrosion control within a reasonable time. Mid-Valley performed a close-interval survey in April 2006 that included a portion of its pipeline located within the confines of the BP refinery in Toledo. Mid-Valley identified several deficiencies in its corrosion control as a result of the survey. One of these areas was within the BP refinery. Mid-Valley installed galvanic anodes to correct the corrosion control deficiencies along the pipeline in 2007; however, Mid-Valley did not install the galvanic anodes to remediate the deficiencies identified within the BP refinery until July 2009. An interval of more than three years to correct identified deficiencies in its corrosion control is not a reasonable time frame.

Proposed Civil Penalty

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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$48,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
4	\$ 48,700

Warning Items

With respect to items 1, 2, and 3, 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 promptly correct these items. Be advised that failure to do so may result in Mid-Valley Pipeline being subject to additional enforcement action.

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 3-2010-5012** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

David Barrett
Director, Central Region
Pipeline and Hazardous Materials Safety Administration

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