

NOTICE OF AMENDMENT

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 3-2010-5013M

Dear Mr. Justin:

During the weeks of June 22-26, July 20-24, and July 27-31, 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's (Mid-Valley) procedures for operations, maintenance, integrity management, and operator qualification in Houston, Texas, and Sinking Spring, Pennsylvania.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Mid-Valley Pipeline's plans or procedures, as described below:

1. §195.54 Accident reports.

(b) Whenever an operator receives any changes in the information reported or additions to the original report on DOT Form 7000-1, it shall file a supplemental report within 30 days.

Mid-Valley's procedures did not require a supplemental report to be filed whenever it receives any changes in information or has any additions to the original report.

2. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(5) Analyzing pipeline accidents to determine their causes.

Mid-Valley procedures did not provide sufficient guidance for analyzing pipeline accidents to determine their causes.

3. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(12) Establishing and maintaining liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication.

Mid-Valley's procedures did not require it to include appropriate electric utilities in its emergency pre-planning as outlined in Advisory Bulletin ADB-05-03.

4. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(e) Emergencies. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs;

(9) Providing for a post accident review of employee activities to determine whether the procedures were effective in each emergency and taking corrective action where deficiencies are found.

Mid-Valley has developed a Standard Incident Debriefing Form; however, its procedures did not describe when the post accident review is required or ensure that corrective action will be taken if deficiencies are found. Mid-Valley should consider conducting a review after each release.

5. §195.403 Emergency Response Training.

(b) At the intervals not exceeding 15 months, but at least once each calendar year, each operator shall:

(1) Review with personnel their performance in meeting the objectives of the emergency response training program set forth in paragraph (a) of this section; and

(2) Make appropriate changes to the emergency response training program as necessary to ensure that it is effective.

Mid-Valley's procedures did not include sufficient provisions for conducting annual reviews of its emergency response training and making appropriate changes as necessary to ensure that it is effective.

6. §195.452 Pipeline integrity management in high consequence areas.

(f) What are the elements of an integrity management program? An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high

consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:

(3) An analysis that integrates all available information about the integrity of the entire pipeline and the consequences of a failure (see paragraph (g) of this section);

Mid-Valley's integrity management procedures did not provide criteria for what constitutes "high," "medium," "moderate" or "low" when characterizing pressure aggressiveness and the density remaining for ERF factors and defects. The process for collecting data from the various sources and subject matter experts for evaluation of the risk factors was not clearly delineated. The procedures also need to ensure that there are no inconsistencies between the final risk data and the baseline assessment plan for longitudinal seam weld susceptibility on some of the electric-flash-welded pipe in Mid-Valley's system.

7. §195.505 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(c) Allow individuals that are not qualified pursuant to this subpart to perform a covered task if directed and observed by an individual that is qualified;

Mid-Valley's operator qualification plan did not include guidance for supervising unqualified individual(s) who do not speak English. Mid-Valley personnel indicated that they did not hire employees who do not speak English; however, that requirement was not documented.

8. §195.505 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(g) Identify those covered tasks and the intervals at which evaluation of the individual's qualifications is needed.

Mid-Valley's procedures included a 36-month requalification interval for the installation of Clocksprings that is inconsistent with the manufacturer's recommendation for an annual certification.

9. §195.505 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(i) After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the Administrator or state agency has verified that it complies with this section.

Mid-Valley's procedures did not define what constitutes a significant change that requires the Administrator to be notified. PHMSA issued Advisory Bulletin ADB-09-03 on December 7, 2009, which defines the term "Significant" that Mid-Valley may wish to reference in amending its procedures.

10. §195.579 What must I do to mitigate internal corrosion?

(a) General. If you transport any hazardous liquid or carbon dioxide that would corrode the pipeline, you must investigate the corrosive effect of the hazardous liquid or carbon dioxide on the pipeline and take adequate steps to mitigate internal corrosion.

Mid-Valley's procedures did not include adequate provisions for investigating the corrosive effect of its crude oil. Mid-Valley personnel stated that a study on the corrosiveness of its crude oil was underway. Mid-Valley has experienced several small internal corrosion leaks on piping in its station facilities and has implemented a dead-leg piping program to address the issue. Mid-Valley's procedures should formalize this program, as part of the preventive and mitigative measures in its integrity management plan to address the threat of internal corrosion on its pipelines that could affect high-consequence areas and experience limited flow conditions.

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 your amended procedures to my office within 45 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 3-2010-5013M** 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*