

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

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

March 28, 2014

Mr. Carl Ostach  
Vice President, Field Operations  
Buckeye Partners, L.P.  
5 TEK Park  
9999 Hamilton Boulevard  
Breinigsville, Pennsylvania 18031

**CPF 3-2014-5003**

Dear Mr. Ostach:

On May 17, 2011, Buckeye Partners, L.P. (Buckeye) discovered a gasoline leak on Line 413 at the Findlay Junction facility near Findlay, Ohio. The leak occurred in a two-inch diameter steel riser pipe, connected to a buried twelve-inch pipe through an isolation valve. An above ground pressure transmitter was connected to the top of the two-inch riser pipe. The riser pipe was oriented perpendicular to the twelve-inch pipe and was enclosed in a large diameter steel culvert, i.e., a vault. A representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code investigated this leak at Findlay Junction.

As a result of the investigation, 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. §195.581 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.**

Buckeye failed to clean and coat each pipeline or portion of the pipeline that is exposed to the atmosphere. Specifically, Buckeye did not clean and coat a two-inch diameter steel riser pipe, connected to a buried twelve-inch pipe through an isolation valve to protect against corrosion. The pipe was installed in 1997 and, per a metallurgical analysis, the leak was caused by external pitting corrosion on the exterior of the two-inch uncoated pipe. In addition to the leaking corroded area, the metallurgical analysis report documented many relatively large and deep pits on the riser with the deepest pits being 71% of the nominal wall thickness. The two-inch riser pipe was installed in a vault that was exposed to the atmosphere with a soil-to-air interface present; therefore, the exceptions in §195.581(c) do not apply.

**2. §195.583 What must I do to monitor atmospheric corrosion control?**

**(b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.**

Buckeye failed to properly monitor atmospheric corrosion of its pipe at a soil-to-air-interface. Specifically, on August 4, 2010, Buckeye did not perform an adequate inspection of riser pipes exposed to the atmosphere in five vaults at the Findlay Junction facility. The riser pipes in the vaults contained soil-to-air interfaces. One of the riser pipes had a corrosion failure that resulted in a product release on May 17, 2011. The August 4, 2010, inspection documented on Buckeye's *Triennial Visual Inspection Form* indicated on the Riser Condition section of the form completed as "Air-Ground interface coating in good condition" and "No rust visible." However, during the onsite failure investigation, less than a year later, PHMSA observed that none of the riser pipes in the five vaults at Findlay Junction facility were coated and rust was visually present. The metallurgical report of the failed riser pipe documented areas of thick corrosion deposits, deep pits and no coating or paint present.

**3. §195.505 Qualification program.**

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

**(d) Evaluate an individual if the operator has reason to believe that the individual's performance of a covered task contributed to an accident as defined in Part 195;**

Buckeye failed to properly evaluate an individual that it had reason to believe contributed to an accident through the performance of a covered task. Specifically, following the discovery of a corrosion caused leak at the Findlay Junction facility, Buckeye did not evaluate in a timely manner a single employee regarding performance of covered task 001019 “Inspect Normally Exposed Pipe.” On August 10, 2011, and repeatedly on December 7, 2011, and March 19, 2012, PHMSA made email information requests associated with the provisions of Buckeye’s Operator Qualification plan. None of these information requests resulted in evaluation information being provided for this single employee. The atmospheric corrosion inspection on August 4, 2010, was inadequate and external pitting corrosion was the cause of the May 17, 2011, leak. The metallurgical report documented that there was no evidence of accelerated corrosion mechanisms such as bacteria or microbial-influenced corrosion (MIC) that played a role in the leak. On June 27, 2012, Buckeye completed the accident investigation and concluded that an inadequate inspection of the covered task on August 4, 2010, was a causal factor in the pipe failure. An additional email request was made and an answer received on June 24, 2013, indicating that an evaluation had still not been completed.

Proposed Civil Penalty

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. 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 \$271,300 as follows:

| <u>Item number</u> | <u>PENALTY</u> |
|--------------------|----------------|
| 1                  | \$123,800      |
| 2                  | \$100,000      |
| 3                  | \$ 47,500      |

Proposed Compliance Order

With respect to items 2 and 3 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Buckeye Partners. 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 thirty (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 3-2014-5003** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Linda Daugherty  
Director, Central Region  
Pipeline and Hazardous Materials Safety Administration

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 Buckeye Partners, L.P. (Buckeye) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Buckeye with the pipeline safety regulations:

1. In regard to Item 2 of the Notice pertaining to inadequate atmospheric corrosion inspection, all facilities (whether located at the Findlay Junction facility or another location) that were last inspected by employee number 4496 for atmospheric corrosion shall be re-inspected using a different qualified individual knowledgeable in corrosion control. These re-inspections must be completed within six months of the date of the Final Order. PHMSA will receive copies of the completed Triennial Visual Inspection Forms or any form that is used to document these re-inspections along with the associated individual name and qualification information completing the re-inspection work.
2. In regard to Item 3 of the Notice pertaining to evaluation of an individual employee, re-evaluate the employee completing the August 4, 2010, Task 001019 “Inspecting Normally Exposed Pipe” inspection and submit documentation of the re-evaluation within thirty (30) days of the date of the Final Order. If the individual is no longer required to perform this task, submit documentation within thirty (30) days of the date of the Final Order verifying the individual’s status related to this OQ task and identify when this status change occurred.
3. It is requested (not mandated) that Buckeye maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Ms. Linda Daugherty, Director, Central Region, 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.