

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 11, 2019

Mr. Saul Flota
President
Wolverine Pipe Line Company
8075 Creekside Drive
Suite 210
Portage, Michigan 49024

CPF 3-2019-5015M

Dear Mr. Flota:

From May 22 – 26 and June 12- 16, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Wolverine Pipe Line Company's ("Wolverine") procedures for integrity management and operations and maintenance in Portage, Michigan.

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

(d) Abnormal operation. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded:

(1) Responding to, investigating, and correcting the cause of:

(i) Unintended closure of valves or shutdowns;

(ii) Increase or decrease in pressure or flow rate outside normal operating limits;

(iii) Loss of communications;

(iv) Operation of any safety device;

(v) Any other malfunction of a component, deviation from normal operation, or personnel error which could cause a hazard to persons or property.

(2) Checking variations from normal operation after abnormal operation has ended at sufficient critical locations in the system to determine continued integrity and safe operation.

Wolverine failed to develop adequate procedures for controllers to respond to abnormal operations and check facilities for integrity before restarting operations.

Wolverine's Abnormal Operating Condition Restart Report (Report) is completed by controllers for abnormal operations. The Report did not include all of the abnormal operations required by §195.402(d). The Report omitted an increase or decrease in pressure or flow rate outside normal operating limits and included unauthorized valve closure, instead of unintended closures of valves or shutdowns.

The Report also did not require the controllers to check variations from normal operation after abnormal operation has ended at sufficient critical locations in the system to determine continued integrity and safe operation before restarting operations.

Wolverine amended this procedure and submitted it to PHMSA, which was found satisfactory. No further action needs to be taken regarding this item.

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

(a) General. Each operator shall prepare and follow for each 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 ensure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(b) ...

(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:

(1) ...

(2) ...

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

§195.420 Valve maintenance.

(a) Each operator shall maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times.

Wolverine's DOT Operations and Maintenance Manual, Issued October 2002 (O&M Manual), Section 195.420, did not define the inspection period for other valves that were needed for the safe operation of the system.

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

(a) See above.

(b) ...

(c)(3) See above.

§195.420 Valve maintenance.

(a) Each operator shall maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times.

Wolverine's O&M Manual, Section 195.420, did not define how to determine the valve position from the indicator lights on a valve actuator. The valve indicator was needed to determine the valve position, which was necessary for the safe operation of the pipeline system. Wolverine provided conflicting interpretations for valve position from the indicator lights on valve actuators. Wolverine noted that the indicator lights on the valve actuator indicated that valve was in the remote or the local position and that the valve was in the open or the closed position.

4. §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:

(1) ...

(2) ...

(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);

(g) What is an information analysis? In periodically evaluating the integrity of each pipeline segment (paragraph (j) of this section), an operator must analyze all available information about the integrity of the entire pipeline and the consequences of a failure. This information includes:

(1) Information critical to determining the potential for, and preventing, damage due to excavation, including current and planned damage prevention activities, and development or planned development along the pipeline segment;

(2) Data gathered through the integrity assessment required under this section;

(3) Data gathered in conjunction with other inspections, tests, surveillance and patrols required by this Part, including, corrosion control monitoring and cathodic protection surveys; and

(4) Information about how a failure would affect the high consequence area, such as location of the water intake.

Wolverine's Integrity Management Program in High Consequence Areas, Version 2014-1 (IMP Manual), did not define an information analysis process that addressed all threats for each pipeline. Wolverine's Threat Identification and Risk Assessment Model (TIARA) did not identify any threats for the Kennedy to Niles pipeline segment. Additionally, in the evaluation process, Wolverine only identified third party damage as a threat and only developed preventive and mitigative measures that addressed third party damage.

5. §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:

(4) Criteria for remedial actions to address integrity issues raised by the assessment methods and information analysis (see paragraph (h) of this section);

(g)...

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

(1) General requirements. An operator must take prompt action to address all anomalous conditions the operator discovers through the integrity assessment or information analysis. In addressing all conditions, an operator must evaluate all anomalous conditions and remediate those that could reduce a pipeline's integrity. An operator must be able to demonstrate that the remediation of the condition will ensure the condition is unlikely to pose a threat to the long-term integrity of the pipeline. An operator must comply with §195.422 when making a repair.

Wolverine's IMP Manual, Section 4., inadequately addressed how assessment tool tolerances were considered for corrosion anomalies.

Wolverine amended this procedure and submitted it to PHMSA, which was found satisfactory. No further action needs to be taken regarding this item.

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

(f)(4) See above.

(h)(1) See above.

Wolverine failed to develop a pipeline repair manual that addressed the repair methods that were used by Wolverine. The IMP Manual, Section 4.4.2., referenced Wolverine's Repair and Modification Manual for approved repair methods. The repair methods listed in the table in the Repair and Modification Manual conflicted with the repair methods used on Wolverine's pipeline system. During the inspection, Wolverine noted that all repairs were determined by the Risk & Integrity Specialist. The Repair and Modification Manual listed bolt on clamps as permanent repair methods, however, the Risk & Integrity Specialist noted that bolt on clamps were temporary repair methods.

Wolverine amended this procedure and submitted it to PHMSA, which was found satisfactory. No further action needs to be taken regarding this item.

7. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) See above.

(b) ...

(c)(3) See above.

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

Coating material for external corrosion control under §195.557 must –

(a) Be designed to mitigate corrosion of the buried or submerged pipeline;

Wolverine's Facilities Inspection and Maintenance Manual Pipe Coating Program, Revision 1.10, did not address the application of RD6 coating that was utilized at the Darden Road ILI Dig Site.

Wolverine amended this procedure and submitted it to PHMSA, which was found satisfactory. No further action needs to be taken regarding this item.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. 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 an Order Directing Amendment. If 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. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 90 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.

It is requested (not mandated) that Wolverine Pipe Line Company maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Allan Beshore, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 3-2019-5015M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Allan Beshore
Director, Central Region
Pipeline and Hazardous Materials Safety Administration

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