



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 South Gessner, Suite 1110
Houston, TX 77074

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 13, 2007

Mr Paul S Broker
Vice President, Western Operations
Sunoco Pipeline, L P
One Fluor Daniel Drive
Building A Level 3
Sugar Land, Texas 77478

CPF 4-2007-5040

Dear Mr Broker

On March 13 – 17, April 3 – 7, April 17 – 20, June 13, and September 25 – 28, 2006, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your pipeline facilities in the states of Oklahoma and Texas

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 violation(s) are

1. **§195.310 Records.**
 - (a) **A record must be made of each pressure test required by this subpart and the record of the latest test must be retained as long as the facility tested is in use.**
- §195.305 Testing of components.**
 - (a) **Each pressure test under §195.302 must test all pipe and attached fittings, including components, unless otherwise permitted by paragraph (b) of this section.**
 - (b) **A component, other than pipe, that is the only item being replaced or added to the pipeline system need not be hydrostatically tested under paragraph (a) of this section if the manufacturer certifies that either –**
 - (1) **The component was hydrostatically tested at the factory; or**

(2) The component was manufactured under a quality control system that ensures each component is at least equal in strength to a prototype that was hydrostatically tested at the factory.

During the inspection PHMSA requested to review the pressure test records while in Corsicana Except for the newly constructed Wortham to Corsicana 24-inch, the Corsicana operations personnel indicated that the records are kept at the Sugar Land, Texas headquarters office When the headquarters office was visited in June, the Sunoco Engineering Department indicated the test records had been sent out for electronic scanning PHMSA was never provided any documentation to indicate that these records were available

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 system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Sunoco is not following their operations and maintenance manual in several circumstances, including not using the specified form for aerial patrolling, and not utilizing the specified form for floating roof seal inspections

During the inspection, it was found that pipeline maintenance reports are not completely filled out Also, Sunoco is not following their procedures for firefighting equipment Procedures state that all portable extinguishers will be checked on a monthly basis In the Corsicana, Texas area this procedures is not being followed

3. §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:

- (i) Breakout tanks;**
- (ii) Pump stations,**
- (iii) Scraper and sphere facilities;**
- (iv) Pipeline valves;**
- (v) Facilities to which §195.402(c)(9) applies;**
- (vi) Rights-of-way; and**
- (vii) Safety devices to which §195.428 applies.**

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

(3) The maximum operating pressure of each pipeline.

(4) The diameter, grade, type and nominal wall thickness of all pipe.

(b) Each operator shall maintain for at least 3 years daily operating records that indicate-

(1) The discharge pressure at each pump station; and

(2) Any emergency or abnormal operation to which the procedures under §195.402 apply.

(c) Each operator shall maintain the following records for the periods specified:

- (1) The date, location, and description of each repair made to the pipe shall be maintained for the useful life of the pipe.
- (2) The date, location, and description of each repair made to parts of the pipeline system other than pipe shall be maintained for at least 1 year.
- (3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

Sunoco did not have current maps of its pipeline system, could not produce records showing how the MOP's were established, did not have documents to indicate what are the pipe specifications of the system, and did not have records of the pipeline repair history for the life of the pipeline

4. **§195.410 Line Markers.**

(a) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following: (1) Markers must be located at each public road crossing, at each railroad crossing, and in sufficient number along the remainder of each buried line so that its location is accurately known.

Sunoco does not have a sufficient number of line markers in the Abilene Texas area, so that the location of their buried pipeline is accurately known

5. **§195.412 Inspection of rights-of-way and crossings under navigable waters.**

(a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.

Sunoco is missing patrolling records from their contract fliers for a portion of the pipelines in the Corsicana Area for 2005 and 2006

6. **§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. 195.420 (b) Each operator shall, at intervals not exceeding 7 ½ months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

Sunoco's procedures state that each valve be partially operated Sunoco records indicate that some of the valves could not be partially operated during the inspection due to scheduling of commodity movements However, no follow-up indicating this portion of the inspection was completed or was noted in the records

7. **§195.428 Overpressure safety devices and overfill protection systems.**

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7 ½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Sunoco inspected the overfill protection devices in September 2005, but no prior inspections were available to verify that past inspections were performed

8. **§195.432 Inspection of in-service breakout tanks.**

(b) Each operator shall inspect the physical integrity of the in-service atmospheric and low-pressure steel aboveground breakout tanks according to section 4 of API Standard 653. However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under §195.402(c)(3).

During the inspection, monthly tank inspection records for January 2006 were not present for Corsicana breakout tanks, specifically tanks #2660, 2661, and 2692. Also, no monthly tank inspections were available for months prior to September 2005. The out-of-service inspections for Corsicana breakout tanks 2601, 2603, and 2724, as well as Wortham breakout tank 42 and Ringold tank 2720 were missing.

Also, it was noted that monthly operator inspections did not note issues that were observed during the PHMSA field inspection such as vegetation growing out between steel tank rim and ring wall, and settling around foundation. Also it did not appear that many of the API 653 inspection recommendations had been acted on, such as indications of foundation problems, erosion, and evidence of seeps or leaks.

9. **§195.434 Signs.**

Each operator must maintain signs visible to the public around each pumping station and breakout tank area. Each sign must contain the name of the operator and a telephone number (including area code) where the operator can be reached at all times.

Signs were not present on each side of the perimeter fencing at the Colorado City, Texas breakout tank facility.

10. **§195.436 Security of Facilities.**

Each operator shall provide protection for each pumping station and breakout tank area and other exposed facility (such as scraper traps) from vandalism and unauthorized entry.

Sunoco's Colorado City, Texas breakout tank facility is not adequately protected from vandalism and unauthorized entry. Hog wire fencing is on three sides for this facility, and not security fencing.

11. **§195.571 What criteria must I use to determine the adequacy of cathodic protection?**

Cathodic protection required by this subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE Standard RP0169-96 (incorporated by reference, see §195.3).

Sunoco personnel did not provide information as to how IR drops are being considered other than stating that they take readings as close to the pipeline as possible or at the surface of the pipe when the pipeline is exposed by excavation. Sunoco personnel also made the argument that the pipe-to-soil readings were adequately high to meet the 100mV depolarization criteria, but could not offer any test or study to demonstrate this. Sunoco should be compelled to provide evidence demonstrating how IR drop has been considered in the pipe-to-soils readings or studies to demonstrate they can meet the 100 mV depolarization criterion.

12. **§195.589 What corrosion control information do I have to maintain?**

(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§195.569, 195.573(a) and (b) and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

Sunoco Pipeline does not have the required records history for Corrosion Control for the West Texas Gulf 26 inch pipeline.

13. **§195.589 What corrosion control information do I have to maintain?**

(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

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

(c) Rectifiers and other devices. You must electrically check for proper performance of each device at least 6 times each calendar year, but with intervals not exceeding 2 ½ months.

Rectifier readings for December 2004 are missing from the Sunoco records. Sunoco acquired a significant portion of the assets in this unit in 2005, and began making the required inspections. The missing records would have been while Chevron still owned the assets. In addition, Sunoco did not acquire the required five year history (minimum) for cathodic protection records.

14. **§195.589 What corrosion control information do I have to maintain?**

(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion

requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

§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 §195.401(b). However, if the deficiency involves a pipeline in an integrity management program under §195.452, you must correct the deficiency as required by §195.452(h).

Sunoco did not take prompt action to remediate exposed pipeline segments showing general surface corrosion and some minor pitting that was determined by field personnel to be in an HCA

15. §195.589 What corrosion control information do I have to maintain?

(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

§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.

Sunoco has not investigated the corrosive effect of the crude oil being transported in its pipeline system

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 violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$119,000 as follows

<u>Item number</u>	<u>PENALTY</u>
5	\$11,000
6	\$37,000
7	\$11,000
8	\$31,000
10	\$18,000
12	\$11,000

Warning Items

With respect to items 2, 13 and 14 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 Sunoco Pipeline, L.P. being subject to additional enforcement action.

Proposed Compliance Order

With respect to items 1, 3 through 6, 8 through 11, and 15 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Sunoco Pipeline, L.P. 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 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 4-2007-5040 and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



R. M. Seeley
Director, Southwest 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 Sunoco Pipeline, L P a Compliance Order incorporating the following remedial requirements to ensure the compliance of Sunoco Pipeline, L P with the pipeline safety regulations

- 1 In regard to Item Number 1 of the Notice pertaining to pressure test records, Sunoco must provide documentation that their pipelines have been pressure tested in accordance with §195 305 This documentation is not limited to pressure test records Documentation that indicates that the highest operating pressure to which the pipeline was subjected for 4 or more continuous hours can be demonstrated by recording charts or logs made at the time the test or operations were conducted
- 2 In regard to Item Number 3 of the Notice pertaining to maps and records, Sunoco must provide documentation that maps and records have been updated to the requirements of §195 404 Sunoco shall include a listing of their pipe specifications, component ratings, and pressure testing or operator history that qualifies the maximum operating pressure
- 3 In regard to Item Number 4 of the Notice pertaining to line markers, Sunoco must mark their pipelines in the Abilene Texas area Provide documentation to indicate that the line markers are in sufficient numbers so that the location of the pipeline is accurately known, as required by §195 410
- 4 In regard to Item Number 5 of the Notice pertaining to the inspection of rights-of way, Sunoco must perform an audit to ensure that Sunoco is in compliance with §195 412 The audit shall consist of a review of all applicable procedures and amend as necessary, review with the pilots the procedures and the rights of way of Sunoco, and assure that the pilots are completing the proper documentation of their surveys
- 5 In regard to Item Number 6 of the Notice, pertaining to valve maintenance, Sunoco must perform an audit to ensure that Sunoco is in compliance with §195 420 The audit shall consist of review all applicable procedures and amend as necessary, develop a plan to evaluate the valves in their system to ensure that each valve is in good working order Also, Sunoco must develop a process to ensure that when issues are identified during the maintenance of their mainline valves, that these issues are resolved, and to document the resolution Provide to this office the process that Sunoco develops and a summary of the results
- 6 In regard to Item Number 8 of the Notice pertaining to breakout tanks, Sunoco must perform an audit to ensure that they are in compliance with §195 432 The audit shall consist of review all applicable procedures and amend as necessary, review the API 653 inspection recommendations for each of the breakout tanks in their system, develop a plan and timeline for making the changes to the tanks, as recommended by the API surveys Provide to this office the results of the audit, the plan and timeline for review Also, provide a summary of the results.
- 7 In regard to Item Number 9 of the Notice pertaining to signs, Sunoco must place and maintain signs around the Colorado City breakout tank facility, so that they are visible to the public Provide documentation to indicate that signs have been placed around the

Colorado City breakout tank facility, as required by §195 434

- 8 In regard to Item Number 10 of the Notice pertaining to the security of facilities, Sunoco must adequately protection their Colorado City breakout tank facility by providing security fencing around this facility Provide documentation to indicate that security fencing has been placed around their breakout tank facility, as required by §195 436
- 9 In regard to Item Number 11 of the Notice, pertaining to Sunoco's pipeline systems and the inadequacy of cathodic protection, Sunoco must review the cathodic protection data collection and evaluation to ensure that data meets the regulatory requirements, including IR drop considerations and that the pipelines are protected Sunoco should provide documentation demonstrating how IR drop has been considered in their pipe-to-soil readings or studies to demonstrate the 100 mV depolarization criterion is met In areas where the pipelines are not adequately protected, develop a plan and time table to improve the cathodic protection systems to bring Sunoco into compliance
- 10 In regard to Item Number 15 of the Notice pertaining to the internal corrosion, Sunoco shall investigate the corrosivity of the product that is being transported Review all applicable procedures and amend as necessary Survey all applicable segments of Sunoco's pipeline to insure that internal corrosion inspection, testing and monitoring meet applicable procedures and that the pipelines are protected Based upon the review and survey, develop a plan for conducting internal corrosion surveys to bring Sunoco into compliance with §195 579
- 11 Submit to the Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration, 8701 South Gessner, Suite 1110, Houston, Texas 77074
 - Results of surveys, assessments, and plans, with time table, must be submitted within 30 days following the receipt of the Final Order
 - All items shall be completed within 180 days following the receipt of the Final Order
- 12 Sunoco Pipeline, L P shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R M Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration Costs shall 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