

NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 11, 2010

Mr. David Justin
Vice President – Operations
Sunoco Pipeline L.P.
Eastern Area headquarters
525 Fritztown Road
Sinking Springs, PA 19608

CPF 4-2010-5010

Dear Mr. Justin:

From June 18, 2009 through July 17, 2009, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of Title 49 United States Code investigated an accident that occurred at West Texas Gulf Pipeline Company's Colorado City Station near Colorado City, Texas on June 17, 2009. West Texas Gulf Pipeline Company is a subsidiary of Sunoco Pipeline L.P. (Sunoco), and the West Texas Gulf Pipeline System is operated by Sunoco.

As a result of the accident 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 violation(s) are:

1. §195.52 Telephonic notice of certain accidents

(a) At the earliest practicable moment following discovery of a release of the hazardous liquid or carbon dioxide transported resulting in an event described in §195.50, the operator of the system shall give notice, in accordance with paragraph (b) of this section, of any failure that:

(2) Resulted in either a fire or explosion not intentionally set by the operator;

Sunoco failed to provide telephonic notice to the National Response Center (NRC) of a fire that occurred at Colorado City Station during the preparation for welding a new piece of pipe into a 24-inch pipeline from which a 5-foot section of this pipeline has been removed. The fire occurred between 1:00 pm and 1:30 pm on June 17, 2009. Mud plugs on both sides of the 24-inch pipeline failed allowing hydrocarbon vapor to escape from the pipe.

The project manager notified the West Texas district manager in Abilene, TX, shortly after the fire accident. The Safety and Health Specialist was assigned to go to Colorado City station to investigate the fire accident. While en route to the fire accident site, he was notified that 3416 bbls. of crude oil spill occurred at the same location where a fire occurred. Sunoco reported the crude oil spill accident to the NRC (NRC # 908908); however, there was no telephonic report for the fire that occurred approximately three (3) hours before the crude oil spill on June 17, 2009.

2. §195.50 Reporting accidents.

An accident report is required for each failure in a pipeline system subject to this part in which there is a release of the hazardous liquid or carbon dioxide transported resulting in any of the following:

(a) Explosion or fire not intentionally set by the operator.

§195.54 Accident reports.

(a) Each operator that experiences an accident that is required to be reported under §195.50 shall as soon as practicable, but not later than 30 days after discovery of the accident, prepare and file an accident report on DOT Form 7000-1, or a facsimile.

Sunoco failed to submit an accident report on DOT Form 7000-1, or a facsimile to PHMSA within 30 days for a fire that occurred at Colorado City Station during the preparation for welding a new piece of pipe into a 24-inch pipeline from which a 5-foot section of this pipeline has been removed. The fire occurred between 1:00 pm and 1:30 pm on June 17, 2009.

3. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
(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:**
(3) **Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.**

Sunoco has written procedures for conducting work in a facility. During the Line 10 Project at the Colorado City Station, Sunoco employees and contractors did not follow certain procedures as described below. Based on the investigation conducted by PHMSA, it appears that if Sunoco employees and contractors had followed these procedures during the Line 10 Project at the Colorado City Station, the accident on June 17, 2009, that resulted in the release of 3416 bbls. of crude oil could have been prevented.

Sunoco did not follow Line Time Request/Work Plan procedure for scheduling maintenance work which requires down time. Below is a listing of deficiencies identified during the accident investigation regarding the Line 10 project.

- List of Equipment/Valves/Energy Sourced to be Locked Out was not filled out
- No notification of the job status was provided to the appropriate personnel
- No detailed work plan for the Line 10 project was generated
- Two projects were combined into one (1) Line Time Request/Work Plan- there must be two (2) separate work plans generated (one for Snyder project – manifold modification, and one for the replacement of a corroded pipe associated with tank 10).
- Clear communication between controller at Sugarland and Colorado City Station was not established. The controller in Sugarland didn't know the Line 10 project was extended beyond June 16, 2009 as stated on the original Timeline Request.
- No fire watchers were assigned
- No pre-job safety meeting was conducted

Sunoco did not follow the Overview of Work Permits procedure, HS-G-012. The work permit # 253852 for the Line 10 project was issued by the on-site project leader. Below is a listing of requirements that Sunoco did not follow.

- There was not a hot work permit checklist or energy control procedure (lock-out/tag-out) attached to the hot permit
- The on-site project leader did not conduct a hazard assessment prior to starting the project

Sunoco also did not follow the Lockout/Tagout Program, HS-P-005, Appendix HS-P-006-1 “General LOTO Checklist” and HS-P-006-2 “General LOTO Procedures” for the Line 10 project which involved the removal of a five-foot segment of the 24-inch line on June 17, 2009, at Colorado City Station, TX. The investigation evidence showed that the maintenance crew cut an in-service line.

4. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
(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:**
(13) **Periodically reviewing the work done by operator to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.**

Sunoco did not conduct annual field audits of Lockout/Tagout (LOTO) for 2008 and 2009 as required in LOTO procedure (HS-P-005). The last annual audit was conducted on 10/03/2007.

5. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
(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;**
(2) **Prompt and effective response to a notice of each type emergency, including fire or explosion occurring near or directly involving a pipeline facility, accidental release of hazardous liquid or carbon dioxide from a pipeline facility, operational failure causing a hazardous condition, and natural disaster affecting pipeline facilities.**
(3) **Having personnel, equipment, instruments, tools, and material available as needed at the scene of an emergency.**

Sunoco did not have personnel, equipment, instruments, tools, and material available as needed at the scene of an emergency. Sunoco and contractor employees who were involved in the Line 10 project were sent to the spill area without proper personal protective equipment (PPE) in response to the release of 3416 bbls of sour crude oil. Figure 2.10-2, "Hydrogen Sulfide initial response action checklist" of the Sunoco West Texas Response Zone Oil Spill Response Plan calls for response personnel to "wear a full faced self-contained breathing apparatus (SCBA) or goggles and a half faced SCBA." None of the individuals sent to the spill area for emergency response to this sour crude oil spill were provided with the required respirators even though the presence of hydrogen sulfide gas was detected by respondent's smell and hazardous gas monitoring equipment.

6. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
(e) **Emergencies (see above)**
(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.**

Sunoco did not conduct a post-accident review of emergency response activities to determine if the emergency response procedure was effective and was implemented properly. Sunoco did not follow the procedural requirements of Section 8.3 of the West Texas Response Zone/Oil Spill Response Plan Section 8 that requires that the operator

debrief employees within two weeks of the termination of response operations on the findings of the post accident review, and the required “Standard Incident Debriefing Form” in Figure 8.3.1 was not completed as part of the review. PHMSA requested documentation of the required post accident review, and no documentation was provided. A Sunoco Compliance Specialist stated that Sunoco investigated the cause of the incident and made the decision terminating three employees who were found to have violated Sunoco’s safety procedures, and no further review of employee activities regarding emergency response was conducted.

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;**

Sunoco failed to ensure that non-qualified employees performing a covered task (# 402 remove/replace pipe component – welded or mechanical) were under the direct observation and direction of a qualified individual. Sunoco did not follow the procedural requirements of Section 8 (Non-Qualified Individuals) of their OQ Plan because the qualified individual was not directing and observing the covered task being performed in the manifold pit where the accident occurred (cutting out and replacing 5-foot segment), and he was directing and observing multiple covered tasks at the same time. The Sunoco Senior Pipeliner (Line 10 on-site project leader), was responsible for overseeing the Line 10 work done by non-qualified personnel in the manifold pit area, and he was required to be at the job site for direct observation and direction of non-qualified personnel performing the covered task. However, the Sunoco Senior Pipeliner was not always present at the manifold pit work area, and he was at different places during the performance of the work where direct observation and direction of the non-qualified individuals was not possible. During performance of the manifold pit work, he was checking on work being performed by BJB contractor by the maintenance shop, checking on drain valve work associated with breakout tank #10, and checking on vacuum truck removing crude oil. While he was at these other places, he lost visual contact with the manifold pit area work, and he was not able to direct and observe the covered task being performed by non-qualified individuals.

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 \$415,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$ 10,000
2	\$ 10,000
3	\$ 200,000
4	\$ 22,500
5	\$ 37,500
6	\$ 35,000
7	\$ 100,000

Proposed Compliance Order

With respect to items 2, 3, 4, and 6 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 4-2010-5010** 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

Enclosure: *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 2 of the Notice pertaining to Sunoco's failure to submit an accident report on DOT Form 7000-1, or a facsimile to PHMSA within 30 days for a fire that occurred at Colorado City Station between 1:00 pm and 1:30 pm on June 17, 2009, Sunoco must submit this report within 90 days following receipt of the Final order.
2. In regards to Item 3, Sunoco must incorporate the lessons learned from its June 17, 2009 accident investigation into its training program and provide this training to its employees within 90 days following receipt of the Final Order.
3. In regards to Item 4, Sunoco must incorporate deficiencies during the review of personnel performance in response to this accident into its' emergency response training program and provide this training to its employees within 90 days following receipt of the Final Order.
4. In regard to Item Number 6 of the Notice pertaining to Sunoco's failure to conduct a post-accident review of emergency response activities that occurred in response to the accident that occurred around 4:00 pm on June 17, 2009 and resulted in the release of 3416 bbls. of sour crude oil, Sunoco must submit this report within 90 days following receipt of the Final Order.
5. Submit the results of the Proposed Compliance Order item above to Mr. R. M. Seeley, Region Director, Southwest Region, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, 8701 South Gessner, Suite 1110, Houston, TX 77074.
6. Sunoco Pipeline L.P. shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mr. 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.