

## NOTICE OF AMENDMENT

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 17, 2011

Mr. Bill Boyer  
President  
Centurion Pipeline L.P.  
5 Greenway Plaza, suite 100  
Houston, TX 77046

**CPF 4-2011-5014M**

Dear Mr. Boyer:

From October 13-15, 2010, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Centurion Pipeline LP in Slaughter, TX.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Centurion Pipeline LP plans or procedures, as described below:

**1. §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.**

The procedure #P-195.402(d) "Handling Abnormal Conditions," is inadequate and must be revised to include the following:

1. This procedure states that it applies to gas transmission pipelines. Centurion does not operate gas transmission pipeline. It operates hazardous liquid pipeline facilities. Centurion needs to revise this procedure to reflect what commodity that this procedure is applied to.
2. Centurion does not have a definition for what "significant loss" means to the company and at what point the control center controllers need to take actions in a such situation that Over/Short calculations indicate a significant loss of pipeline commodity during one or two hour period. Centurion needs to provide definition for "significant loss" and provide guidance to control center controllers on what actions need to be taken in such a situation.
3. This procedure does not clearly require the controllers to perform "over & short" calculations for breakout tanks utilizing tank hourly reports and meter snapshot reports, and SCADA does not calculate "over and short" for tank products movement. Therefore, the controllers on duty on the accident date did not perform "over and short" calculations; consequently, they were not aware of the leak and took no preventative actions. After the accident, the SCADA system was modified to calculate "over and short" calculations for breakout tanks, and all controllers received training on this modification. Centurion must revise the procedure #P-195.402(d) to incorporate the changes being made to the SCADA.

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**

The procedure #P 195.432(b) "Inspection of In-service Break Out Tanks" outlines the steps for conducting monthly external inspection and requires filling out form F-195.432(b)M "Monthly Inspection of External Tank Surface." This procedure outlines the following requirements:

1. Visually inspect the external condition of the tank from the ground on a routine basis checking for:
  - a. Leaks
  - b. Shell distortions
  - c. Signs of settlement
  - d. Corrosion,
  - e. Condition of the foundation, paint coatings, insulation systems and appurtenances.
2. Complete Form F-195.432(b)M.

The inspection records retain for 5 years.

In fact, Centurion has been using the Maximo work order system to schedule and document the monthly external tank inspection instead of using the form F-195.432(b)M as required in the procedure #P-195.432(b).

The breakout tank 6688 has been returned to service in February, 2008 after repairs were performed on this tank as a result of an API 653 inspection. During the investigation, PHMSA discovered that Centurion has been using work order system to schedule and document monthly inspection of external tank instead of following its procedure # P-195.432(b) completing form F-195.432(b)M. PHMSA reviewed monthly inspection reports of external tank #6688 from March, 2008 to September 2010 and found there are two different types of work order details reports (May 2007 to September 2009 - the Maximo version 5.2, and October 2009 to September 2010 - the Maximo version 7.1) have been used to schedule and document the Monthly Inspection of External Tank Surface for this tank. These work order details reports are not the required form F-195.432(b)M as stated in the procedure # P-195.432(b).

These work order details reports outline the areas to be inspected are not the same as those in the form F-195.432 (b)(M). The areas to be inspected on the Maximo work order are surrounding area, foundation, tank shell, appurtenances, insulation, tank roof and other. Likewise, Form F-195.432(b)M has a check list of questions as follows:

- Are there any signs of leaks?
- Is the shell distorted?
- Are their signs of settlement?
- Is there any evidence of corrosion?
- Is the foundation in satisfactory shape?
- Is the paint coating satisfactory?
- Are the insulation systems satisfactory?
- Are the appurtenance satisfactory?

Centurion must decide what method to document monthly inspection of external tank surface (utilizing Form F-195.432(b)M or work order system (Maximo)); and ensures that the chosen method is incorporated into this procedure.

### **3. §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;**

**(1) Receiving, identifying, and classifying notices of events which need immediate response by the operator or notice to fire, police, or other appropriate public officials and communicating this information to appropriate operator personnel for corrective action.**

Centurion's emergency response plan is inadequate and must be revised to include the following:

1. In this plan, Centurion references RSPA as the regulatory agency in several sections. Centurion needs to ensure all references to RSPA in its emergency response plan to be replaced with PHMSA.

2. In Centurion's emergency response plan, it requires the use of the incident command system (ICS) for "large" spills which is activated when Qualified Individuals of the affected Response Zone notify the Centurion Emergency Response Team, but Centurion does not provide the definition of a "large spill." Centurion needs to provide a definition of a "large spill" in this procedure to clarify when the ICS will be activated in an emergency situation.

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 30 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 that Centurion Pipeline LP maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Rod Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2011-5014M** 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: *Response Options for Pipeline Operators in Compliance Proceedings*