



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

June 7, 2012

Mr. Kevin C. Bodenhamer
Sr. Vice President, Liquid Pipeline Operations
Enterprise Crude Pipeline LLC
1100 Louisiana St.
Houston, Texas 77210-4735

CPF 4-2012-5023

Dear Mr. Bodenhamer:

On multiple occasions between February 21 and March 21, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code investigated a failure that occurred on the Enterprise 8-inch Crude (EPCO) pipeline system. The failure occurred at the Cushing East Terminal in Lincoln County, Oklahoma and resulted in the release of approximately 600 barrels of crude oil.

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 violation(s) are:

1. **§195.303 Risk-based alternative to pressure testing older hazardous liquid and carbon dioxide pipelines.**
 - (c) **The program under paragraph (a) of this section shall provide for pressure testing for a segment constructed of electric resistance-welded (ERW) pipe and lapwelded pipe manufactured prior to 1970 susceptible to longitudinal seam failures**

as determined through paragraph (d) of this section. The timing of such pressure test may be determined based on risk classifications discussed under paragraph (b) of this section. For other segments, the program may provide for use of a magnetic flux leakage or ultrasonic internal inspection survey as an alternative to pressure testing and, in the case of such segments in Risk Classification A, may provide for no additional measures under this subpart.

Enterprise failed to perform a pressure test as required on the pre-1970 ERW pipe designated as the Shell 8-inch pipeline.

PHMSA was provided an informational package from Enterprise's (EPCO) that was used to provide information for the metallurgical lab (Email from Neal Burrell dated March 8, 2011). In this package, within the Background Information section, EPCO noted that they did not have a Date, Test Pressure, and Duration of the most recent hydrostatic test. In an email dated January 27, 2012, EPCO again notes that pressure tests have not been performed. Finally, in Accident Report, 20110206, G5, paragraph 6, Enterprise notes that a pressure test has not been performed.

2. §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.

Enterprise failed to prepare and follow a procedure for performing a 'line wash' (purging) over to the Cushing West terminal. Failure to have and follow a procedure for this operations and maintenance task resulted in Enterprise lining up the delivery piping system incorrectly. This misalignment resulted in the delivery being pumped against a closed valve and a subsequent failure of the system resulting in a release of approximately 600 barrels of crude oil.

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 \$143,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$43,700
2	\$100,000

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 4-2012-5023** 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*

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Enterprise Crude Pipeline LLC (EPCO) a Compliance Order incorporating the following remedial requirement to ensure the compliance of EPCO with the pipeline safety regulations:

1. In regards to Item Number 1, EPCO shall complete a hydrostatic test of all sections of the 8" crude pipeline that have not had a subpart E pressure test. EPCO may not operate any section of the pipeline that has not had a pressure test.
2. Aforementioned to be accomplished within 30 days following receipt of the Final Order.
3. It is requested (not mandated) that EPCO 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. 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.