

NOVEMBER 26, 2014

Mr. Clark C. Smith
President and CEO
Buckeye Partners, LP
One Greenway Plaza
Houston, Texas 77046

Re: CPF No. 4-2014-5008

Dear Mr. Smith:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken by your subsidiary, Buckeye Development and Logistics, LLC, to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. R. M. Seeley, Director, Southwest Region, OPS
Mr. Thomas S. (Scott) Collier, Vice President, Performance Assurance & Asset Integrity,
Buckeye Partners, LP

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

_____)	
In the Matter of)	
)	
Buckeye Development & Logistics, LLC,)	CPF No. 4-2014-5008
a subsidiary of Buckeye Partners, LP,)	
)	
Respondent.)	
_____)	

FINAL ORDER

Between August 26, 2013, and November 21, 2013, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Buckeye Development & Logistics, LLC (Buckeye or Respondent), in Liberty, Texas, and Mount Belvieu, Texas. Buckeye, a subsidiary of Buckeye Partners, LP, operates and maintains approximately 2,700 miles of hazardous liquid and gas pipelines and 670,000 barrels of storage in 12 states from California to Florida.¹

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Buckeye, by letter dated April 8, 2014, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Buckeye had violated 49 C.F.R. § 195.579 and ordering Buckeye to take certain measures to correct the alleged violation.

Buckeye responded to the Notice by letter dated May 7, 2014 (Response). The company did not contest the allegation of violation, but requested modifications to Items 1 and 2 of the Proposed Compliance Order. Buckeye did not request a hearing and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, Buckeye did not contest the allegation in the Notice that it violated 49 C.F.R. Part 195, as follows:

¹ Buckeye Development and Logistics, LLC, website, available at <http://www.buckeyedevelopmentlogistics.com/AboutUs/BDLOverview/tabid/703/language/en-US/Default.aspx> (last accessed October 3, 2014).

Item 1: The Notice alleged that Buckeye violated 49 C.F.R. § 195.579(a), which states:

§ 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.

The Notice alleged that Buckeye violated 49 C.F.R. § 195.579(a) by failing to investigate the corrosive effect of the product being transported by its 6-inch ethane pipeline running from Mount Belvieu, Texas, to Westlake, Louisiana. Specifically, the Notice alleged that Buckeye was unable to provide documentation indicating it had investigated the cause or nature of certain internal metal loss previously identified on this line through in-line inspections.² Additionally, it alleged that Buckeye failed to take adequate steps to monitor and mitigate internal corrosion through the use of inhibitors or to utilize a probe or coupon corrosion monitoring program to determine the corrosive effects of its product.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all the evidence, I find that Buckeye violated 49 C.F.R. § 195.579(a) by failing to investigate the corrosive effect of the hazardous liquid being transported by its 6-inch ethane pipeline and by failing to take adequate steps to mitigate internal corrosion.

This finding of a violation will be considered a prior offense in any subsequent enforcement action taken against respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice for violation of 49 C.F.R. § 195.579(a). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601.

In its Response, Buckeye sought three modifications to the Compliance Order.

Modification Request One:

Buckeye requested that the third and fourth sentences of Item 1 be revised to read as follows:

Buckeye will perform the required investigation of the internal metal loss under 195.579(a) and provide the results of the investigation and a plan for mitigation of internal corrosion based

² The Notice alleged that in June of 2010, the prior operator of the 6-inch ethane pipeline had assessed the pipeline with an in-line inspection tool and that the assessment resulted in four indications of internal metal loss. Buckeye became the operator of the pipeline in January of 2011.

on the investigation.

Buckeye proposed this language because it “more closely follows the Pipeline Safety regulations, Title 49, CFR Part 195.579(a).”³

I decline to adopt the requested modification. Section 195.579(a) requires operators who transport any hazardous liquid or carbon dioxide that would corrode the pipeline to investigate that corrosive effect of such product and to take adequate steps to mitigate internal corrosion. The third and fourth sentences in the proposed Compliance Order merely add detail to the nature of the investigation and do not alter either the purpose or the effect of the regulation.

Modification Request Two:

Buckeye requested that language be added to Item 2 that would allow for an extension of time to perform the investigation and to formulate a mitigation plan for cause, provided the request is timely filed with the Director, Southwest Region.

I decline to adopt the requested modification. The proposed Compliance Order already includes instructions for requesting an extension of time identical to those being proposed by Respondent. Please see the paragraph following Item 3 in the Compliance Order below.

Modification Request Three:

Buckeye requested that Item 1 be modified to exclude any specific references to dead legs, low-flow lines and infrequently-used pump station lines. Buckeye asserts that these specific items are neither defined in 49 CFR Part 195 nor referenced specifically in § 195.579. Buckeye states that its corrosion control procedures apply to all pipelines subject to Part 195, “which should ensure that all investigations required under § 195.579 will be performed on all pipelines subject to PHMSA regulation.”⁴

I decline to adopt the requested modification. The terms of the Compliance Order do not require Buckeye to make specific references in its procedures to dead legs, low-flow lines and infrequently-used pump station lines. It merely states that Buckeye must address the corrosive effect of hazardous liquids within its pipeline on those portions of its system that contain these particular pipeline characteristics. Since these types of lines tend to be more susceptible to internal corrosion, a good corrosion procedure program will take them into account, regardless of the nomenclature attached to them.

Accordingly, pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.579(a) (**Item 1**), Respondent must review

³ Response at 1.

⁴ *Id.* at 2.

all relevant corrosion procedures and amend them as necessary to ensure that any signs of internal metal loss are investigated. The procedures should also address the corrosive effect of hazardous liquids within its pipelines on dead legs, low-flow lines, and infrequently used pump-station lines. Buckeye must perform an investigation that answers why there is metal loss in the pipeline and whether the metal loss is stable or unstable. Based on a review of the corrosion procedures and investigation of the internal metal loss, Buckeye must provide the Southwest Region Office with the results of the investigation and a plan for remediation of internal corrosion based on that investigation.

2. Buckeye must submit all documentation required by this Compliance Order within 30 days following receipt of the Final Order.
3. It is requested (not mandated) that Buckeye 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.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 C.F.R. § 190.243, Respondent may submit a petition for reconsideration of this Final Order to the Associate Administrator for Pipeline Safety, PHMSA, 1200 New Jersey Avenue SE, East Building, 2nd Floor, Washington, D.C. 20590, no later than 20 days after receipt of the Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. Unless the Associate Administrator, upon request, grants a stay, the terms of this order, including the corrective action, remain in effect upon the filing of a petition for reconsideration.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued