

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 8, 2014

Mr. Jerimiah J. Ashcroft
SVP, Buckeye Services
Buckeye Development & Logistics, LLC
One Greenway Plaza
Houston, Texas 77046

CPF 4-2014-5008

Dear Mr. Ashcroft:

On multiple occasions between August 26, 2013 thru November 21, 2013, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code were onsite and inspected your records and procedures in the field office located in Liberty, TX. Records and procedures for your control room were inspected in Mount Belvieu, TX.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

1. §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.

Buckeye Development & Logistics, LLC (Buckeye) failed to investigate the corrosive effect of the product transported by its pipeline (6-inch Ethane pipeline). Buckeye acquired the 6-inch Ethane SASOL Pipeline system on January 2011 from PB Energy. On June of 2010 PB Energy had the 6-inch pipeline assessed with an In-Line inspection tool. The result of the In-Line inspection tool yielded 4 indications of Internal Metal loss. The percentage of internal metal loss from the anomaly assessment was 32%, 42%, 57% and 66%, and only the 66% anomaly was sleeved. During the inspection, the PHMSA inspector asked Buckeye to demonstrate that they had investigated the corrosive effect of the hazardous liquid. Buckeye did not provide any documentation that indicates that they have performed an investigation that would indicate why there is metal loss in the pipeline and whether the metal loss is stable or unstable. Buckeye could not demonstrate that they have taken adequate steps to mitigate internal corrosion. In addition, Buckeye is not utilizing inhibitors to mitigate internal corrosion and does not utilize a probe or coupon corrosion monitoring program to determine the corrosive effects of their product.

During the procedures review, PHMSA inspectors found that Buckeye utilizes the procedure entitled "Corrosion Manual A-06: Internal Corrosion" (Corrosion Procedure) last revised December 2011 as their internal corrosion control program procedures and to comply with §195.579. This procedure, as written, only directs the operator to investigate the corrosive effects of the hazardous liquid if a corrosive coupon, probe or a visual inspection takes place. The procedure does not allow for investigations if internal metal loss is indicated by an in-line inspection tool.

Proposed Compliance Order

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to item 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to ONEOK. 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 4-2014-5008** 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 Buckeye Development & Logistics, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Buckeye Development & Logistics, LLC with the pipeline safety regulations:

1. In regards to Item Number 1 of the Notice pertaining to the failure to investigate the corrosive effect of the hazardous liquid in the pipeline, Buckeye must review 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 the review of the corrosion procedures and investigation of the internal metal loss, Buckeye must provide this office with the results of the investigation and a plan for remediation of internal corrosion based on that investigation.
2. Aforementioned to be accomplished 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.