NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 26, 2014

Mr. Vern Meier
Vice President, Field Operations
TC Oil Pipeline Operation Inc.
717 Texas Ave.
Houston, TX 77002

Dear Mr. Meier:

On April 8-11, 2014, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Keystone Houston lateral Construction Project near 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 items inspected and the probable violation is:

1. §195.202 Compliance with specifications or standards.

    Each pipeline system must be constructed in accordance with comprehensive written specifications or standards that are consistent with the requirements of this part.

    The operator’s current procedure (TES-PROJ-LPCS-US Onshore Liquid Pipeline Construction Specification, Section 10) for performing the task of bending pipe is inadequate in performance language, specific to the type of pipe material observed being bent and used for the construction of the line. While the procedure specifies the detailed manner in which to bend pipe containing a longitudinal weld, it is silent as to the type being bent and used in the construction project (spiral weld seam pipe).

    The language of the current procedure, in particular, lacks the “comprehensive specifications” directly addressing the use of spiral weld seam pipe joints.
Additionally, supportive engineering based documentation was requested (as to the suitability of use of spiral pipe for cold bending using the methods prescribed in the current procedure) but not received.

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 Number 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to TC Oil Pipeline Operation Inc., 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 4-2014-5016 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 TC Oil Pipeline Operation Inc. a Compliance Order incorporating the following remedial requirements to ensure the compliance of TC Oil Pipeline Operation Inc. with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to having no procedure to address the bending of spiral weld seam manufactured pipe joints, as well as no documentation of the engineering supportive records needed to establish the suitability for such pipe material to be used in the manner prescribed in the current procedure, TC Oil Pipeline Operation Inc. shall develop procedures to include needed language to address the use of spiral weld seam pipe materials, after supplying engineering supportive documentation of the suitability of such material in this method and application of use.

2. Provide PHMSA with the documentation that verifies completion of Number 1 above within 60 days following the receipt of the Final Order

3. It is requested (not mandated) that TC Oil Pipeline Operation Inc. 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.