

**NOTICE OF AMENDMENT**

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

December 21, 2015

Mr. Jeff Shipper  
Operations Officer  
Panther Pipeline, LTD.  
16000 Stuebner Airline Rd., Suite 420  
Spring, TX 77379

**CPF 4-2015-5029M**

Dear Mr. Shipper:

On October 2014 to February 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Panther Pipeline, LTD (Panther) procedures for Operations and Maintenance, and Integrity Management in Texas City, TX.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Panther's 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.**

Throughout Panther's O&M Manual, the procedures replicate and paraphrase the regulations and reference the regulations instead of their own processes and procedures. In addition, the procedures are too general and some instances very vague, to establish specific tasks on how to perform the procedure. Panther's procedures must be amended to be more specific to the Panther system, provide adequate details and not simply paraphrase the regulations for conducting normal operations and maintenance activities and handling abnormal operations and emergencies.

The following sections of Panther's O&M Manual need to be amended:

1. Section 3 Abnormal Operation procedures to meet the requirements of §195.402(d).
2. Section 5.4.3 Telephonic Notice procedure to meet the requirements of §195.402(c)(2) and 195.52(c).
3. Section 4 Emergency Procedures to meet the requirements of §195.402(e) Emergencies.
4. Section 4 Emergency Procedures to meet the §195.403 Emergency response training.
5. Section 4 Emergency Procedures to meet the §195.408 Communications.
6. Section 2.8 Safety-Related Conditions procedure to meet requirements of §195.402(f) Safety-related condition reports.
7. Section 2.4 MOP (Maximum Operating Pressure) procedure to meet requirements of §195.406 Maximum operating pressure.
8. Section 2.9 Underwater Inspections procedure to meet the requirements of §195.57.
9. Section 2.10 Pipeline Startup/Shutdown Procedures to meet requirements of §195.402(c)(7).
10. Section 2.13 Abandonment of Facilities procedure to meet the requirements of §195.402(c)(10).
11. Section 2.11.3 Line Markers procedure to meet requirements of §195.410 Line markers.
12. Section 7 Repair Procedures to meet the requirement of §195.422 Pipeline repairs.
13. Section 2.18 Pipeline Relocation procedure to meet requirements of §195.424(c) Pipe movement.
14. Section 2.15 Communication & Control System procedure to meet the requirements of §195.408 Communications.
15. Section 6.6.3 General Welding Guidelines procedure to meet the requirements of §195.234 Welds: Nondestructive testing.
16. Section 6.8 Pipeline Test Requirements procedures to meet requirements of §195.304, §195.305, §195.306, and §195.310.

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 in accordance with each of the requirements of this subpart and subpart H of this part.**

Throughout Panther's O&M Manual, the procedures replicate and paraphrase the regulations and reference the regulations instead of their own processes and procedures. In addition, the procedures are too general and some instances very vague, to establish specific tasks on how to perform the procedure. Panther's procedures must be amended to be more specific to the Panther system, provide adequate details and not simply paraphrase the regulations for conducting normal operations and maintenance activities.

1. Section 2.11.5 Valve Inspection procedure to meet the requirement of §195.420 Valve maintenance.
2. Section 2.11.4 Pressure control and relief equipment procedure to meet requirements of §195.428 Overpressure safety devices and overflow protection systems.
3. Section 2.17.2 Firefighting equipment procedure to meet requirements of §195.430 Firefighting equipment.
4. Section 2.19 Breakout Tanks procedure to meet requirements of §195.432 Inspection of in-service breakout tanks.
5. Section 2.12 Corrosion procedure to meet the requirements of §195.555 What are qualifications for supervisor?
6. Section 2.12.1.5 Protective Coating procedure to meet the requirements of §195.557 Which pipelines must have coating for external corrosion control?
7. Section 2.12.1.5 Protective Coating procedure to meet the requirements of §195.559 What coating material may I use for external corrosion control?
8. Section 2.12.1.5 Protective Coating procedure to meet the requirements of §195.561 When must I inspect pipe coating used for external corrosion control?
9. Section 2.12.1.1 Cathodic Protection-General procedure to meet the requirements of §195.563 Which pipelines must have cathodic protection?
10. Section 2.12.1.3 Pipelines-Breakout Tanks & Buried Pumping Station Piping Protection procedure to meet the requirements of §195.565 How do I install cathodic protection on breakout tanks?
11. Section 2.12.1.4 Examination of Exposed Pipe procedure to meet the requirements of §195.569 Do I have to examine exposed portions of buried pipelines?
12. Section 2.12.1.6 Cathodic Protection procedure to meet the requirements of §195.571 What criteria must I use to determine the adequacy of cathode protection?
13. Section 2.12.1.7 Cathodic Protection Monitoring procedures to meet the requirements of §195.573 What must I do to monitor external corrosion control?
14. Section 2.12.1.8 Electric Isolation procedure to meet the requirements of §195.575(c) You must inspect and electrically test each electrical isolation to assure the isolation is adequate.
15. Section 2.12.2 Internal Corrosion Control procedure to meet the requirements of §195.579 What must I do to mitigate internal corrosion?

16. Section 2.12.3 Atmospheric Corrosion Control procedure to meet the requirements of §195.583 What must I do to monitor atmospheric corrosion control?
17. Section 2.12.4 Remedial Measures procedure to meet the requirements of §195.585 What must I do to correct corroded pipe?
18. Section 2.12 Corrosion procedure to meet the requirements of §195.588 What standards apply to direct assessment?
19. Section 2.12 Corrosion procedure to meet the requirements of §195.589 What corrosion control information do I have to maintain?

**3. §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.**

Panther's O&M Manual, Section 6.6 Welding procedure is too general and some instances very vague and lacks detailed guidance.

**4. §195.440 Public awareness.**

**(a) Each pipeline operator must develop and implement a written continuing public education program that follows the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162 (IBR, see § 195.3).**

Panther's public awareness procedure is vague, lacks details, and refers to the gas regulations. Panther's O&M Manual, Section 2.5.1 Program Organization states their Public Awareness program will be prepared consistent with 49 CFR §192.616 which is for gas pipelines. Panther's public awareness needs to meet regulations in Part 195 which is for liquid pipelines.

**5. §195.442 Damage Prevention Program.**

**(a) Except as provided in paragraph (d) of this section, each operator of a buried pipeline must carry out, in accordance with this section, a written program to prevent damage to that pipeline from excavation activities. For the purpose of this section, the term "excavation activities" includes excavation, blasting, boring, tunneling, backfilling, the removal of above-ground structures by either explosive or mechanical means, and other earthmoving operations.**

Panther's O&M Manual, Section 2.6.2, Damage Prevention Program is inadequate and lacks guidance to prevent damage to the pipeline from excavation activities.

**6. §195.413 Underwater inspection and reburial of pipelines in the Gulf of Mexico and its inlets.**

**(a) Except for gathering lines of 4 1/2 inches (114mm) nominal outside diameter or smaller, each operator shall prepare and follow a procedure to identify its pipelines in the Gulf of Mexico and its inlets in waters less than 15 feet (4.6 meters) deep as measured from mean low water that are at risk of being an exposed underwater pipeline or a hazard to navigation. The procedures must be in effect August 10, 2005.**

**(b) Each operator shall conduct appropriate periodic underwater inspections of its pipelines in the Gulf of Mexico and its inlets in waters less than 15 feet (4.6 meters) deep as measured from mean low water based on the identified risk.**

**(c) If an operator discovers that its pipeline is an exposed underwater pipeline or poses a hazard to navigation, the operator shall—**

**(1) Promptly, but not later than 24 hours after discovery, notify the National Response Center, telephone: 1-800-424-8802, of the location and, if available, the geographic coordinates of that pipeline.**

**(2) Promptly, but not later than 7 days after discovery, mark the location of the pipeline in accordance with 33 CFR Part 64 at the ends of the pipeline segment and at intervals of not over 500 yards (457 meters) long, except that a pipeline segment less than 200 yards (183 meters) long need only be marked at the center; and**

**(3) Within 6 months after discovery, or not later than November 1 of the following year if the 6 month period is later than November 1 of the year of discovery, bury the pipeline so that the top of the pipe is 36 inches (914 millimeters) below the underwater natural bottom (as determined by recognized and generally accepted practices) for normal excavation or 18 inches (457 millimeters) for rock excavation.**

**(i) An operator may employ engineered alternatives to burial that meet or exceed the level of protection provided by burial.**

**(ii) If an operator cannot obtain required state or Federal permits in time to comply with this section, it must notify OPS; specify whether the required permit is State or Federal; and, justify the delay.**

The Panther's procedure, section 2.9 Underwater Inspections, for identifying pipelines located offshore in waters up to 15 feet in depth that are at risk of becoming exposed and a hazard to waterway navigation lacks details involving inclement weather. The operator has neglected to include within the procedure the effects of inclement weather on the interval between subsequent inspections.

The procedure also paraphrases the regulation and references 33 CFR Part 64 to mark the locations of exposed pipelines, which is too vague to meet the requirements of Part 195. The operator must modify the procedures to provide sufficient detail for dealing with inclement

weather, the modification of the interval between subsequent inspections, and give more details to meet §195.413.

## **7. §195.450 Definitions.**

**The following definitions apply to this section and §195.452:**

**Emergency flow restricting device or EFRD means a check valve or remote control valve as follows:**

- (1) Check valve means a valve that permits fluid to flow freely in one direction and contains a mechanism to automatically prevent flow in the other direction.**
- (2) Remote control valve or RCV means any valve that is operated from a location remote from where the valve is installed. The RCV is usually operated by the supervisory control and data acquisition (SCADA) system. The linkage between the pipeline control center and the RCV may be by fiber optics, microwave, telephone lines, or satellite.**

**High consequence area means:**

- (1) A commercially navigable waterway, which means a waterway where a substantial likelihood of commercial navigation exists;**
- (2) A high population area, which means an urbanized area, as defined and delineated by the Census Bureau, that contains 50,000 or more people and has a population density of at least 1,000 people per square mile;**
- (3) An other populated area, which means a place, as defined and delineated by the Census Bureau, that contains a concentrated population, such as an incorporated or unincorporated city, town, village, or other designated residential or commercial area;**
- (4) An unusually sensitive area, as defined in §195.6.**

Panther's integrity management program (IMP) titled "Mechanical Integrity Program", Section 1.8 Definitions does not have adequate definitions to meet §195.450. Specifically, Panther's IMP does not define an unusually sensitive area as defined in §195.6.

Panther's IMP is vague and inadequate, and in many instances it paraphrased and referenced the regulations. Panther's IMP needs to be revised to include definitions in §195.450.

## **8. §195.452 Pipeline integrity management in high consequence areas.**

**(f) What are the elements of an integrity management program? An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:**

- (1) A process for identifying which pipeline segments could affect a high consequence area;**

- (2) A baseline assessment plan meeting the requirements of paragraph (c) of this section;**
- (3) An analysis that integrates all available information about the integrity of the entire pipeline and the consequences of a failure (see paragraph (g) of this section);**
- (4) Criteria for remedial actions to address integrity issues raised by the assessment methods and information analysis (see paragraph (h) of this section);**
- (5) A continual process of assessment and evaluation to maintain a pipeline's integrity (see paragraph (j) of this section);**
- (6) Identification of preventive and mitigative measures to protect the high consequence area (see paragraph (i) of this section);**
- (7) Methods to measure the program's effectiveness (see paragraph (k) of this section);**
- (8) A process for review of integrity assessment results and information analysis by a person qualified to evaluate the results and information (see paragraph (h)(2) of this section).**

Panther's integrity management program (IMP) titled "Mechanical Integrity Program" did not consist, at a minimum, an adequate framework that describes the processes for implementing each program element, how the operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area.

Panther's IMP is vague and inadequate, and in many instances, the procedures paraphrase and reference the regulations. Panther's IMP process and procedures must be amended to be more specific and detailed.

Panther's IMP did not have adequate processes, procedures and documentation to:

1. Identify all high consequence areas, in accordance with §195.452(f)(1),
2. Prepare a baseline assessment plan meeting the requirements of §195.452(f)(2),
3. Perform an analysis that integrates data about the integrity of the pipeline and the consequences of a failure, as required by §195.452(f)(3),
4. Develop criteria for remedial actions to address integrity issues raised by the assessment methods and information analysis, as required by §195.452(f)(4),
5. Maintain a continual evaluation and assessment meeting the requirements of §195.452(f)(5),
6. Identify and implement preventive and mitigative measures to protect the high consequence area as required by §195.452(f)(6),
7. Implement methods to measure the program's effectiveness as required by §195.452(f)(7),
8. Provide detailed implementation for how analysts who review integrity assessment results and individuals performing information analysis will achieve and maintain qualification, training and skills improvement as required by §195.452(f)(8),

### 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 (not mandated) that Panther Pipeline maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to R.M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2015-5029M** 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*