

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 3, 2016

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

CPF 4-2016-5028W

Dear Mr. Meier:

On May 3-4, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected procedures at pump station facility in Liberty County, TX and various mainline valve stations along pipeline route from Liberty County, TX to Houston Tank Terminal in Houston, TX.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Liberty County and various MLV stations' 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 system commence,**

and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

§195.581 Which pipelines must I protect against atmospheric corrosion and what coating material may I use?

(a) You must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

TransCanada failed to follow their procedures (*TransCanada Pipelines Limited Facilities Piping Fabrication and Installation Specification, Thread Compound Section 9.6.6*) that require the application of corrosion inhibitor (Jet Lube TF-15 or approved equal) to the flange bolts. At the time of the PHMSA inspection, the flange bolts showed extensive corrosion potentially compromising their strength.

2. §195.434 Signs

(a) Each operator must maintain signs visible to the public around each pumping station and breakout tank area. Each sign must contain the name of the operator and a telephone number (including area code) where the operator can be reached at all times.

TransCanada failed to install adequate signage around the Liberty Pump Station as required by §195.434. TransCanada installed the signs after PHMSA identified the issue but the operator must ensure that there is adequate signage at all the pumping stations and breakout tank areas.

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 conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in TC Oil Pipeline being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2016-5028W**. 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).

Sincerely,

R.M. Seeley
Director, SW Region
Pipeline and Hazardous Materials Safety Administration