

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

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

October 4, 2016

Mr. David Chalson  
Vice President, Operations  
Sunvit Pipeline, LLC  
4041 Market Street  
Aston, PA 19014

**CPF 4-2016-5033**

Dear Mr. Chalson:

From April 20 to July 17, 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected your new pipeline and tank construction for Sunvit Pipeline, LLC in Midland, 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(s) are:

1. **§195.402 – Procedural Manual for operations, maintenance, and emergencies.**
  - (a) **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.**

**(c) 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 system in accordance with each of the requirements of this subpart and subpart H of this part.**

**(7) Starting up and shutting down any part of the pipeline system in a manner designed to assure operations within the limits prescribed by §195.406, consider the hazardous liquid or carbon dioxide in transportation, variations in altitude along the pipeline, and pressure monitoring and control devices.**

Sunvit Pipeline, LLC started the operations of a pipeline facility without a procedure in accordance with this section. During the inspection, it was found that Sunvit conducted filling operations during the commissioning of tank 7112 on June 10-14, 2015, without having a defined procedure for this task

This lack of a written procedure was identified in internal communications, prior to the filling of the breakout tank. Yet the task of filling the tank was conducted, despite identifying that a written procedure was not in place. A written work plan was provided for the filling of tank 7112, but it does not constitute a written procedure nor references one within the Operator's O&M plans. The referenced work plan was developed for a singular task, at one specific place and time, and lists actions that should be taken for that specific tank. If this work plan was to be taken and applied to a different tank, it would need to be significantly altered to add the correct valve lineup, tank size, product, and account for other variables. Additionally, the referenced work plan also explicitly states on the first page to "Reference the written procedure for all guidelines," which would imply that the given task to which the work plan applies also has a written procedure with more general instructions to follow.

In contrast, examples of procedures for other O&M tasks have a structured format, which includes discussion of the general task to be undertaken, terminology, any referenced standards, and a description of the items that must be completed to finish that task. It is broader in scope in that it does not describe what should happen at that specific place and time, but rather provides guidelines as to how it should be applied in different situations. It also does not require to be revised each time it is used, and is designed to be interpreted the same each time it is used, unlike the work plan.

#### Proposed Compliance Order

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violations occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$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 maximum penalty not exceeding \$1,000,000 for 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 SunVit Pipeline. 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. All material you submit in response to this enforcement action may be 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 4-2016-5033** 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 Sunvit Pipeline, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Sunvit Pipeline, LLC with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to Failure to establish a procedure for tank filling operations, you must develop and utilize a comprehensive and detailed procedure which specifically addresses the considerations and actions to be taken in filling of breakout tanks. After the procedure is developed you must submit it to PHMSA.
2. You must develop, submit to PHMSA and implement this procedure within 30 days after receipt of a Final Order.
3. It is requested (not mandated) that Sunvit Pipeline, LLC 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.