

June 15, 2018

Mr. Kelcy L. Warren
Chief Executive Officer
Energy Transfer Partners, LP
8111 Westchester Drive
Dallas, Texas 75225

Re: CPF No. 4-2017-5011

Dear Mr. Warren:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken by your subsidiary, Sunoco Pipeline, LP, to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by certified mail is effective upon the date of mailing, as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Ms. Mary McDaniel, Director, Southwest Region, Office of Pipeline Safety, PHMSA
Mr. David R. Chalson, Sr. Vice President, Operations, Sunoco Pipeline, LP, 4041 Market
Street, Aston, Pennsylvania 19014
Mr. Ryan Coffey, Executive VP of Operations, Energy Transfer Partners, 1 Fluor Daniel
Drive, Bldg. A, Level 3, Sugar Land, Texas 77478

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of)	
)	
Sunoco Pipeline, LP,)	CPF No. 4-2017-5011
 a subsidiary of Energy Transfer Partners, LP,)	
)	
Respondent.)	
)	

FINAL ORDER

Pursuant to 49 U.S.C. § 60117, the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), initiated an investigation of an accident involving Sunoco Pipeline, LP’s (Sunoco or Respondent) Nederland Terminal (Terminal) in Nederland, Texas. On August 12, 2016, OPS Southwest Region received a courtesy call regarding an accident that had occurred at the Terminal, which is located at 2300 Twin City Highway in Nederland, Texas. Sunoco is a subsidiary of Energy Transfer Partners, LP.¹

The investigation revealed that Sunoco and its contractors were performing pipeline modifications at the Terminal, when a release and ignition of crude oil occurred and seven people were injured. The Terminal, located on the Sabine-Neches waterway between Beaumont and Port Arthur, Texas, is a large marine terminal providing storage and distribution services for refiners and other large transporters of crude oil and natural gas liquids. The Terminal receives, stores, and distributes crude oil and bunker oils (used for fueling ships and other marine vessels), and has a total crude-oil storage capacity of approximately 26 million barrels in approximately 150 aboveground storage tanks with individual capacities of up to 660,000 barrels.²

As a result of the investigation, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated April 6, 2017, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Sunoco had violated 49 C.F.R. §§ 195.52(a) and 195.54(a) and proposed ordering Respondent to take certain measures to correct the alleged violations.

¹ According to PHMSA records, Sunoco Pipeline, LP, operates Sunoco Partners Marketing & Terminals’ Nederland Terminal facility. However, in its Response, Energy Transfer Partners stated that “[Sunoco Partners Marketing & Terminals] is a subsidiary of Energy Transfer Partners (ETP) and is the owner and operator of the terminal facility in Nederland, Texas.” Sunoco Pipeline, LP, is also a subsidiary of ETP.

² See <http://www.sunocologistics.com/Customers/Business-Lines/Crude-Oil/253/> (last visited Apr. 3, 2018).

After being granted several time extensions by the Region, Energy Transfer Partners, LP, responded to the Notice on behalf of Respondent by letter dated September 6, 2017 (Response). The company did not contest the allegations of violation but provided information concerning the corrective actions it had taken and agreed to complete the proposed compliance actions. Respondent did not request a hearing and therefore has waived its right to one.

FINDINGS OF VIOLATION

In its Response, Sunoco did not contest the allegations in the Notice that it violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.52(a), which states, in relevant part:

§ 195.52 Immediate notice of certain accidents.

(a) Notice requirements. At the earliest practicable moment following discovery of a release of the hazardous liquid or carbon dioxide transported resulting in an event described in §195.50, the operator of the system must give notice, in accordance with paragraph (b) of this section, of any failure that:

- (1) Caused a death or a personal injury requiring hospitalization;
- (2) Resulted in either a fire or explosion not intentionally set by the operator;...

The Notice alleged that Respondent violated 49 C.F.R. § 195.52(a) by failing to give notice, at the earliest practicable moment following discovery of a release of a hazardous liquid being transported and resulting in an event described in § 195.50, of any failure that: (1) caused a death or a personal injury requiring hospitalization; or (2) resulted in either a fire or explosion not intentionally set by the operator. Specifically, the Notice alleged that Sunoco failed to provide immediate notice to the National Response Center of an accident that occurred on August 12, 2016, at the Terminal. The accident involved a release of crude oil, ignition of the crude oil, and seven injuries, four of which required in-patient hospitalization. While a courtesy call was made to PHMSA regarding the accident, the National Response Center had no record of a report being filed by the operator for the accident.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.52(a) by failing to give notice, at the earliest practicable moment following discovery of a release of a hazardous liquid being transported and resulting in an event described in § 195.50, of any failure that: (1) caused a death or a personal injury requiring hospitalization; or (2) resulted in either a fire or explosion not intentionally set by the operator.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.54(a), which states:

§ 195.54 Accident reports.

(a) Each operator that experiences an accident that is required to be reported under § 195.50 must, as soon as practicable, but not later than 30 days after discovery of the accident, file an accident report on DOT Form 7000-1.

The Notice alleged that Respondent violated 49 C.F.R. § 195.54(a) by failing to file an accident report on DOT Form 7000-1 as soon as practicable, but no later than 30 days, after discovery of a reportable accident. Specifically, the Notice alleged that Sunoco failed to submit a written DOT Form 7000-1 for an accident that occurred on August 12, 2016, at the Terminal in Nederland, Texas. Section 195.50 requires an accident report for each failure on a pipeline system in which there is a release of the hazardous liquid transported and resulting in an explosion or fire not intentionally set by the operator or personal injury necessitating hospitalization. The August 12, 2016 accident involved a release of crude oil, ignition of the crude oil, and injuries requiring in-patient hospitalization.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.54(a) by failing to file an accident report on DOT Form 7000-1 as soon as practicable, but no later than 30 days, after discovery of a reportable accident.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 2 in the Notice for violation of 49 C.F.R. § 195.54(a). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.54(a) (**Item 2**), Respondent has submitted Form 7000-1; however, Sunoco must still provide to PHMSA any incident investigation report(s) completed by Respondent and identify any corrective action(s) taken to date to prevent recurrence of a similar event, within 10 calendar days of the issuance of this Final Order.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

It is requested that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000, as adjusted for inflation (49 C.F.R. § 190.223), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address, no later than 20 days after receipt of service of this Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

June 15, 2018

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued