

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 6, 2017

David R. Chalson
Sr. Vice President, Operations
Sunoco Pipeline, L.P.
4041 Market Street
Aston, PA 19014

CPF 4-2017-5011

Dear Mr. Chalson:

On August 12, 2016, the Pipeline and Hazardous Materials Administration (PHMSA), Southwest Region Office of Pipeline Safety (SW Region, OPS) received a courtesy call regarding an accident that occurred at the Sunoco Partners Marketing & Terminals L.P. (SPMT) Nederland Terminal located at 2300 Twin City Highway in Nederland, Texas. The facility is operated by Sunoco Pipeline, L.P. (SUNOCO). The accident was described as having occurred while SUNOCO and its contractors were performing pipeline modifications at the Nederland facility and resulted in a release of crude oil, ignition of the crude oil, and seven injuries.

PHMSA, SW Region, initiated an investigation into the alleged accident. As a result of the investigation, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. §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;**

SUNOCO failed to provide immediate notice of an accident that occurred on August 12, 2016, at its Terminal facility in Nederland, Texas. 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 has no record of a report for the accident.

2. §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.

§195.50 Reporting accidents.

An accident report is required for each failure in a pipeline system subject to this part in which there is a release of the hazardous liquid or carbon dioxide transported resulting in any of the following:

- (a) Explosion or fire not intentionally set by the operator....**
- (d) Personal injury necessitating hospitalization;**

SUNOCO failed to submit a written DOT Form 7000-1 for an accident that occurred on August 12, 2016, at its Terminal facility in Nederland, Texas. The accident involved a release of crude oil, ignition of the crude oil, and injuries requiring in-patient hospitalization.

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 2 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to SUNOCO. 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 4-2017-5011** 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 Sunoco Partners Marketing & Terminals L.P. a Compliance Order incorporating the following remedial requirements to ensure the compliance of SUNOCO with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to SUNOCO's failure to submit DOT Form 7000-1 for the accident that occurred on or about August 12, 2016, SUNOCO shall submit Form 7000-1 within 10 calendar days of the issuance of this Final Order. Additionally, SUNOCO shall provide to PHMSA any incident investigation report(s) completed by SUNOCO, and identify any corrective action(s) taken to date to prevent recurrence of a similar event.
2. It is requested (not mandated) that SUNOCO 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.