

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 10, 2017

Mr. Graham Bacon
Executive VP-Ops and Engineering
Enterprise Products Partners, L.P.
1100 Louisiana Street
Houston, TX 77002

CPF 4-2017-5019

Dear Mr. Bacon:

From October 27, 2014 until November 20, 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 portions of the Enterprise Products Mid-America Pipeline Company (EP_MAPCO) pipeline system located in Illinois, Wisconsin, Iowa, Missouri, Minnesota, South Dakota, Nebraska, Kansas, Oklahoma, Texas, New Mexico, Colorado, Utah, and Wyoming.

As a result of the inspection, 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. **§195.432 Inspection of in-service breakout tanks.**

- (c) **Each operator must inspect the physical integrity of in-service steel aboveground breakout tanks built to API Std 2510 (incorporated by reference, see §195.3) according to section 6 of API Std 510 (incorporated by reference, see 195.3).**

EP_MAPCO failed to inspect the physical integrity of the in-service steel aboveground breakout tanks built to API Standard 2510, incorporated by reference, as required by section six of API Standard 510, incorporated by reference. The operator failed to comply with the required five-year interval for performing the visual external inspections on the eleven “bullet-style” aboveground breakout tanks. API Standard 510 states:

“6.4 External Inspection

6.4.1 Unless justified by an RBI (Risk Based Inspection) assessment, each aboveground vessel shall be given a visual external inspection at an interval that does not exceed the lesser of five years or the required internal/on-stream inspection. It is preferred to perform this inspection while the vessel is in operation. The interval is established by the inspector or engineer in accordance with the owner/user’s quality assurance system.”

EP_MAPCO did not use the RBI assessment on the breakout tanks and therefore is required to use the five-year inspection interval. All eleven of the “bullet-style” breakout tanks exceeded the five-year inspection interval by 73 days. The inspection dates for all eleven tanks were June 23, 2008 and September 4th, 2013.

2. **§195.436 Security of facilities.**

Each operator shall provide protection for each pumping station and breakout tank area and other exposed facility (such as scraper traps) from vandalism and unauthorized entry.

During the field visit to the Chillicothe Pump Station (Unit 3123) Kearney, NE, PHMSA observed that one of the gates providing ingress and egress to the station was found open (unlatched). EP_MAPCO failed to provide adequate protection to the pump station from vandalism and unauthorized entry. In this instance no vandalism had occurred.

3. §195.452 Pipeline integrity management in high consequence areas.

(h) What actions must an operator take to address integrity issues?

(4) Special requirements for scheduling remediation

(i) Immediate repair conditions. An operator's evaluation and remediation schedule must provide for immediate repair conditions. To maintain safety, an operator must temporarily reduce the operating pressure or shut down the pipeline until the operator completes the repair of these conditions. An operator must calculate the temporary reduction in operating pressure using the formulas referenced in paragraph (h)(4)(i)(B) of this section. If no suitable remaining strength calculation method can be identified, an operator must implement a minimum 20 percent or greater operating pressure reduction, based on actual operating pressure for two months prior to the date of inspection, until the anomaly is repaired. An operator must treat the following conditions as immediate repair conditions:

(C) A dent located on the top of the pipeline (above the 4 and 8 o'clock positions) that has any indication of metal loss, cracking or a stress riser.

EP_MAPCO failed to take the 20% reduction in operating pressure at the point of the anomaly. The operating pressure was reduced by 20% at the upstream pump station. The operator should have calculated the operating pressure reduction at the point of the anomaly.

The operator's procedure IM 5-01L section 5-01.2.1.2 states:

"For indications that meet the immediate repair criteria per 195.452(h)(4)(i)(C), 452(h)(4)(i)(D) or 452(h)(4)(i)(E), the operating pressure shall be temporarily reduced by 20%."

PHMSA intends for the pressure reduction to occur at the point of the anomaly as stated in the guidance material FAQ 7.15 (c).

4. §195.505 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(a) Identify covered tasks;

EP_MAPCO failed to identify as a covered task the repair method of buffing/grinding out a pipeline defect. The operator confirmed that grinding out the following defects is a repair method used: (1) stress corrosion cracking (SCC); (2) dents with metal loss; and (3) cracking. However, the operator does not consider the process of buffing/grinding a covered task. The process of grinding out a pipeline defect meets the four-part test and therefore should be a covered task. The process is: 1) performed on a pipeline facility; 2) an operations or maintenance task contained in §195.422 (a); 3) performed as a requirement

of this part contained in 192.452 (h); and 4) affects the operation or integrity of the pipeline. ASME B-31 Q considers grinding out pipeline defects a covered task.

5. **§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.**

EP_MAPCO failed to ensure that each pipeline or portion of pipeline that is exposed to the atmosphere was protected against atmospheric corrosion. At the Willow Pump Station located on the Morris Lateral in PHMSA Unit 2313 Iowa City, IA, atmospheric corrosion, metal flaking, and pitting were present on the pipe and pipe fittings. Atmospheric corrosion was present on the underside of the pipe at the pipe supports. At Greentop Pump Station in PHMSA Unit 3123 - Kearney, NE, there were signs of atmospheric corrosion and coating disbondment found on pipeline fittings. The operator failed to protect the aboveground piping from atmospheric corrosion.

Following the inspection EP_MAPCO submitted documentation to PHMSA demonstrating that the areas had been remediated.

Proposed Civil Penalty

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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$ 70,800.00 as follows:

| <u>Item number</u> | <u>PENALTY</u> |
|--------------------|----------------|
| 1 | \$ 70,800 |

Warning Items

With respect to items 2, 3, and 5, 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 promptly correct these items. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to item 4 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to EP_MAPCO. 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 4-2017-5019** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Terri J. Binns
Acting 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 Enterprise Products Mid-America Pipeline Company a Compliance Order incorporating the following remedial requirements to ensure the compliance of EP_MAPCO with the pipeline safety regulations:

1. In regard to Item Number 4 of the Notice pertaining to EP_MAPCO's failure to identify as a covered task the repair method of buffing/grinding out a pipeline defect, the operator must revise its Operator Qualification Plan to include a covered task for the process of buffing/grinding out a pipeline defect as a repair method.

EP_MAPCO must perform the above-referenced task as follows:

- (a) Within 30 days of receipt of the Final Order, revise its OQ Plan and the plan's referenced written procedures and training materials as applicable to include a procedure and training materials addressing the process of buffing/grinding out a pipeline defect as a repair method. Provide the revised documents to the PHMSA Southwest Region Office for approval.
 - (b) Within 90 days upon receipt of the Final Order, train and qualify all of the individuals who perform the procedure of buffing/grinding out a pipeline defect as a repair method, in accordance with the written procedures and training materials described in (a) above. Provide to the PHMSA Southwest Region Office the list of all individuals who perform the procedure of buffing/grinding a pipeline defect as a repair method, and the date that the training and qualification of each individual was completed.
2. It is requested (not mandated) that Enterprise Products Mid-America Pipeline Company maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Terri J. Binns, Acting 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.