



U.S. Department
of Transportation

8701 S. Gessner, Suite 630
Houston, TX 77074

**Pipeline and
Hazardous Materials Safety
Administration**

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 2017

Mr. David Chalson
V.P. Of Operations
Sunoco Pipeline L.P.
4041 Market Street
Aston, PA 19014

CPF 4-2017-5021

Dear Mr. Chalson:

On September 6, 2016 through October 14, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected procedures, records, and facilities for your Nederland to Kilgore pipeline in Texas.

As a result of the inspection, it is alleged 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. §195.56 Filing safety-related condition reports.

- (a) Each report of a safety-related condition under § 195.55(a) must be filed (received by the Administrator) in writing within 5 working days (not including Saturdays, Sundays, or Federal holidays) after the day a**

representative of the operator first determines that the condition exists, but not later than 10 working conditions may be described in a single report if they are closely related. To file a report by facsimile (fax), dial (202) 366-7128.

Sunoco failed to file safety-related condition reports with PHMSA within five working days after determining conditions existed that met the criteria of a safety-related condition as per 195.55(a)(6). Sunoco issued two 20% operating pressure reductions on the Goodrich to Longview segment due to identification of a safety related condition. In both instances no safety-related condition report was filed with PHMSA.

On April 29, 2014, and May 13, 2014 Sunoco performed an integrity assessment on the 10" Goodrich to Longview segment using a deformation and magnetic flux leakage (MFL) inline inspection tool. On October 27, 2014 Sunoco received a final report from an inline inspection performed by a third party which detailed multiple anomalies in the "immediate repair" category. On October 29, 2014 Sunoco issued a 20% operating pressure reduction on this segment via MOC-7673. On February 19, 2016 Sunoco again issued a 20% operating pressure reduction via MOC-10204 to repair an overlooked 180-day anomaly. In both cases Sunoco failed to file a safety-related condition with PHMSA.

2. §195.401 General requirements.

(b) An operator must make repairs on its pipeline system according to the following requirements:

(1) Non Integrity management repairs. Whenever an operator discovers any condition that could adversely affect the safe operation of its pipeline system, it must correct the condition within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the operator may not operate the affected part of the system until it has corrected the unsafe condition.

Sunoco failed to take action to repair a section of buried pipe that was exposed and sagging due to wash out. This condition existed for more than five years.

During a valve inspection on October 12, 2016 PHMSA inspectors noticed a section of pipeline located near a river bend that was exposed and noticeably sagging due to washout. Operator personnel stated that it must have been underwater for a long time. This section is approximately 180 feet from the valve station which was inspected by operator on September 21, 2016. Aerial patrol reports for the preceding three months did not indicate any observation or notes regarding the exposed section. PHMSA reviewed Google Earth maps for this location and found photographs showing that the pipe has been exposed since at least 2009.

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

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

(1) General requirements. An operator must take prompt action to address all anomalous conditions the operator discovers through the integrity assessment or information analysis. In addressing all conditions, an operator must evaluate all anomalous conditions and remediate those that could reduce a pipeline's integrity. An operator must be able to demonstrate that the remediation of the condition will ensure the condition is unlikely to pose a threat to the long-term integrity of the pipeline. An operator must comply with § 195.422 when making a repair.

(i) Temporary pressure reduction. An operator must notify PHMSA, in accordance with paragraph (m) of this section, if the operator cannot meet the schedule for evaluation and remediation required under paragraph (h)(3) of this section and cannot provide safety through a temporary reduction in operating pressure.

Sunoco failed notify PHMSA that they did not meet the schedule for evaluation and remediation as required by §195.452 (h)(4)(iii) for a 180 day anomaly identified on the Douglass to Longview segment. Safety was not provided by a temporary pressure reduction between July 27, 2015 and February 19, 2016.

During inspection Sunoco provided a dig sheet showing that a 180 day anomaly on the Goodrich to Longview segment had not been remediated within the required timeframe. Sunoco operated this line without providing safety through a pressure restriction until MOC-10204 was issued on February 19, 2016. No notification was made to PHMSA.

4. §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

(ii) 60-day conditions. Except for conditions listed in paragraph (h)(4)(i) of this section, an operator must schedule evaluation and remediation of the following conditions within 60 days of discovery of condition.

Sunoco failed to schedule and remediate seven 60 day conditions identified within the time frames required by §195.452 (h)(4)(ii).

Sunoco performed an ILI on the 10" Douglass to Longview segment and discovered the seven conditions on 10/27/2014. The repairs on these identified 60 day conditions were not completed within the time frame as required.

5. **§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

(iii) 180-day conditions. Except for conditions listed in paragraph (h)(4)(i) or (ii) of this section, an operator must schedule evaluation and remediation of the following within 180 days of discovery of the condition.

Sunoco failed to schedule and remediate four 180 day conditions identified within the time frame required by §195.452 (h)(4)(iii).

Sunoco performed an ILI on the 10" Douglass to OTI segment and discovered three of these conditions on 12/18/2012. Another ILI was performed on the 10" Douglas to Longview segment and discovered the fourth condition on 10/27/2014. The repairs on these identified 180 day conditions were not completed within the time frame as required.

6. **§195.505 Qualification Program**

(g) Identify those covered tasks and the intervals at which evaluation of the individual's qualifications is needed.

Sunoco's written procedure titled *Sunoco Pipeline L.P. & Affiliates Operator Qualification Plan rev 15* (OQ Plan) failed to require justification for the interval established for review of each of the covered tasks. Sunoco's OQ Plan sets a standard 36 month evaluation interval for all non-welding covered tasks. Procedure only requires justification to extend interval beyond 36 months, and fails to consider intervals shorter than 36 months.

Sunoco's OQ Plan includes requalification frequency in section 5.3 on page 11. Plan provides neither a requirement to justify each task's interval nor a provision to shorten interval lengths from the 36-month standard should a task require it. Appendix C of the OQ plan includes a list of covered tasks. Each non-welding task uses a 36-month interval and no task has a documented justification for its interval.

7. **§195.573 What must I do to monitor external corrosion control?**

(a) Protected pipelines. You must do the following to determine whether cathodic protection required by this subpart complies with §195.571:

(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.

Sunoco failed to conduct tests on their Goodrich to OTI cathodically protected pipeline at the required interval as required by §195.573(a)(1). On three separate occasions, Sunoco completed their cathodic protection surveys outside the once each calendar year, not to exceed fifteen month intervals as required.

At the time of the inspection, Sunoco provided PHMSA inspectors with corrosion control records showing dates of pipe-to-soil readings taken on the pipeline. PHMSA noted three instances did not meet the criteria where two instances had 17 month gaps between inspections, and one instance of a 21 month gap.

8. §195.589 What corrosion control information do I have to maintain?

- (c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.**

Sunoco failed to maintain records of atmospheric corrosion inspections required by §195.583(a) for the year 2013 on the section of pipeline south of Goodrich, TX.

Operator produced records of atmospheric corrosion inspections performed in 2016 and 2010 on the section, but were unable to produce the 2013 records. During the inspection Sunoco personnel told PHMSA inspectors that the inspections were assigned to a former employee. They believed the inspections were completed but they were unable to locate the records.

Proposed Civil Penalty

As of April 27, 2017, under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 for a related series of violations. 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 \$129,800 as follows:

| <u>Item number</u> | <u>PENALTY</u> |
|--------------------|----------------|
| 1 | \$35,500 |
| 4 | \$32,100 |
| 5 | \$62,200 |

Warning Items

With respect to items 3, 7, and 8 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 items 2 and 6 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Sunoco Pipeline L.P. 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 4-2017-5021** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



Jon Manning
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 Sunoco Pipeline L.P. a Compliance Order incorporating the following remedial requirements to ensure the compliance of Sunoco Pipeline L.P. with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to failure to repair exposed section of pipe, Sunoco must shut down this section of pipe or make permanent repairs to restore it to a safe condition. Sunoco must also put in place a 20% reduction in maximum operating pressure on this section until these repairs are completed.
2. In regard to Item Number 6 of the Notice pertaining to the Operator Qualification procedures, Sunoco must amend its procedure *Sunoco Pipeline L.P. & Affiliates Operator Qualification Plan* to require justification of each covered tasks' requalification interval based on an analysis of its difficulty, importance and frequency. Sunoco must also perform this analysis for each currently identified covered task.
3. Provide PHMSA with documentation that verifies completion of numbers 1 and 2 within 90 days following the receipt of the final order.
4. It is requested (not mandated) that Sunoco Pipeline L.P. 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.