

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 7, 2017

Mr. Brent Backes
DCP Midstream
General Counsel and Vice President
370 17th Street, Suite 2500
Denver, CO 80202

CPF 4-2017-5029M

Dear Mr. Backes:

On multiple dates between the months of May and December of 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected the DCP Midstream (DCP) procedures for operations, maintenance, integrity management and emergency response in Houston, Texas.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within DCP's plans or procedures, as described below:

1. **§195. 402 Procedural manual for operations, maintenance, and emergencies.**
 - (a) **General.** 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.

DCP's written procedure, B-01, Section 5 does not include a process to calculate a reasonable initial estimate of the amount of released product and a written procedure for submitting additional telephonic reports when new information becomes available as required by §195.52 (c) and (d).

2. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(c) Maintenance and normal operations. 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.

DCP's procedure IP-005, is inadequate and fails to identify permissible repair methods for each type of defect.

During the inspection DCP provided IP-005: Pipe Repair procedure which states, "allowable repair methods: Allowable repair methods are detailed in the Liquid O&M Manual Procedure F-20 Pipeline Repairs, Gas O&M Manual Procedure M-05 Pipeline Repairs, and the DCP Midstream Required Practice, Pipeline Repair and Lowering".

The PHMSA inspector reviewed Pipeline Repair and Lowering - required practice that describes the methods and requirements for the repair of all hydrocarbon pipelines (September 2012) and Table 1: Repair Matrix within this required practice and this procedure is not adequate.

DCP provided revised procedure (June 2016). Based on review of this procedure, it appears that it met the requirement.

3. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. 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.

During the inspection, the PHMSA inspector reviewed DCP's pressure testing procedures (Section E) and IP-016 (SCC Susceptibility Analysis). IP- 016, Section 2.4.2 states,

Lines on which Noteworthy SCC Has Been Found

The response requirements for lines on which noteworthy SCC has been found are more stringent than those for lines without noteworthy SCC, as shown in Figure 4.

SCC Assessments

Depending on the severity of SCC found, one of several responses is required: a spike hydrostatic test, an in-line inspection, or SCCDA.

- Lines that have experienced an in-service rupture are automatically assigned a Very High SCC susceptibility rating. These lines require an immediate pressure reduction and a spike hydrostatic test. Where practical, the spike test should be completed within 90 days of the release. These lines shall be placed in a hydrostatic retest program for future management of SCC.
- For other lines with a Very High SCC susceptibility rating, an immediate pressure reduction and a spike hydrostatic test is also required.
- For lines with a High SCC susceptibility rating, a pressure reduction is optional and the line requires either a spike hydrostatic test or an in-line inspection with a tool capable of reliably detecting and sizing SCC.
- For lines with a Medium SCC susceptibility rating, SCCDA is required.
- For lines with a Low SCC susceptibility rating, no additional SCC integrity assessment is required until the next SCC susceptibility assessment.

And, section 2.7: Reassessment intervals states: The SCC Project Manager in conjunction with the SCC SME is responsible for setting a reassessment interval for all segments with a Very High or High susceptibility. The reassessment interval may be based on the expected remaining life of SCC that may still exist on the line with a suitable factor of safety.

Error! Reference source not found., taken from ASME B31.8S Appendix A-3, can be used to establish reassessment intervals. Other methods of estimating the remaining life may be used if justified by an engineering analysis. Consideration may be given to shorter reassessment intervals for lines that have not been previously pressure tested using a spike test or in-line inspected using a crack detection tool.

When the PHMSA inspector requested DCP to provide the guidance or instruction on how to perform Spike test, the operator provided Section E, Pressure Testing. Based on review of the pressure testing procedures, DCP failed to include "Spike Test".

4. §195. 402 Procedural manual for operations, maintenance, and emergencies

(c) Maintenance and normal operations. 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.

During the inspection, the PHMSA inspectors reviewed DCP's H-11: Electrical Isolation and determined the process does not provide adequate direction to personnel to protect the pipeline against damage from fault currents or lightning and take protective measures at insulating devices.

5. §195.202 Compliance with specifications or standards.

Each pipeline system must be constructed in accordance with comprehensive written specifications or standards that are consistent with the requirements of this part.

DCP does not give detailed information on what precautions must be taken to minimize damage to coating used for bores and directional drills.

DCP's CORR-2160 procedure is inadequate.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. 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 an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within [number of days] days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that DCP Southern Hills maintain documentation of the safety

improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Jon Manning, Acting Director, SW Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2017-5029M** and, for each document you submit, please provide a copy in electronic format whenever possible.

In regard to Item 2 listed above, DCP Southern Hills updated Pipeline Repair and Lowering – The Required Practice (RP) and provided in June 2016. After considering the material provided, PHMSA deemed the modifications to be adequate.

Sincerely,

Frank Causey
Acting Director, SW Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*