



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 S. Gessner, Suite 630
Houston, TX 77074

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 31, 2018

Mr. Richard Keyser
Sr. Vice President of Operations
Gulf South Pipeline, LP
9 Greenway Plaza, Suite 2800
Houston, Texas 77046

CPF 4-2018-1001

Dear Mr. Keyser:

On multiple occasions between May 8, 2015 and September 15, 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 were onsite and inspected Gulf South Pipeline's assets in Texas and Louisiana.

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. **§192.605 Procedural manual for operations, maintenance and emergencies.**
 - (a) **General.** Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operating and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least

once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

§ 192.615 Emergency plans.

(b) Each operator shall:

(2) Train the appropriate operating personnel to assure that they are knowledgeable of the emergency procedures and verify that the training is effective.

Gulf South failed to perform training of personnel through mock drills to assure knowledge of the emergency procedures and to verify effectiveness of the training as required by Gulf South Procedure 3010.

During the inspection, records of annual training of personnel in emergency procedures and mock drills were reviewed for the operating areas visited.

In 2014, exercises and mock drills were not conducted in Hall Summit Sarepta, Westlake, and Goodrich Units and in 2015, exercises and mock drills were not conducted in Hall Summit Sarepta and Goodrich Units.

Gulf South Procedure 3010 – Event Response Plan states:

“Supervisors who may be expected to implement a portion of this plan shall:

- Verify that training is effective through performance of exercises and mock drills (document on Form 3000-40: Emergency Response Scenario and Training Record); and
- Review employee activities after responses to events and emergency situations to determine whether procedures were adequate and were effectively followed.

Documentation of training meetings, people attending, and the material covered shall be put in writing and maintained in field office records (document on Form 0000-10: *Meeting/Training Roster*).

Exercises and mock drills shall be conducted periodically, typically once a year, as operations permit. Exercise documentation shall be maintained at each facility (document on Form 3000-40: *Emergency Response Scenario and Training Record*).”

2. §192.605 Procedural manual for operations, maintenance and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operating and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed

and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

§ 192.615 Emergency plans.

(b) Each operator shall:

(3) Review employee activities to determine whether the procedures were effectively followed in each emergency.

Gulf South failed to perform a review of employee activities following an emergency situation to determine whether emergency procedures were effectively followed as required by Gulf South Procedure 3010.

Event Notification Reports 1062 and 1063 involved pipeline leaks that occurred within 220 yards of a building intended for human occupancy. The events did not result in reportable Safety Related Condition Reports since they were promptly corrected. They were, however, considered to be emergency situations due to their proximity to a building intended for human occupancy.

Gulf South's documentation of these emergency event situations on Form 3000-10 did not include a review of employee activities to determine whether procedures were effectively followed in response to the emergency.

Gulf South Procedure 3010 – Event Response Plan states:

“Supervisors who may be expected to implement a portion of this plan shall:

- Review employee activities after responses to events and emergency situations to determine whether procedures were adequate and were effectively followed.”

Gulf South Procedure 2130 – General Operation of the Pipeline states:

Safety-Related Condition

“Potential safety-related conditions include, but are not limited to the following:

- A leak in a pipeline or LNG facility that contains or processes gas or LNG that constitutes an emergency. A leak discovered, especially one that exists within 220 yards (220 m) from any building intended for human occupancy or outside place of assembly by default is an emergency.”

3. §192.743 Pressure limiting and regulating stations: Capacity of relief devices.

(a) Pressure relief devices at pressure limiting stations and pressure regulating stations must have sufficient capacity to protect the facilities to which they are connected. Except as provided in §192.739(b), the capacity must be consistent with the pressure limits of §192.201(a). This capacity must be determined at intervals not exceeding 15 months, but

at least once each calendar year, by testing the devices in place or by review and calculations.

(b) If review and calculations are used to determine if a device has sufficient capacity, the calculated capacity must be compared with the rated or experimentally determined relieving capacity of the device for the conditions under which it operates. After the initial calculations, subsequent calculations need not be made if the annual review documents that parameters have not changed to cause the rated or experimentally determined relieving capacity to be insufficient.

Gulf South failed to properly determine the capacity of pressure relief devices to protect the facilities to which they are connected as required by §192.743.

The Control Equipment Inspection Reports presented as a record of annual inspection of overpressure protection did not represent actual or up to date information related to regulator and relief valve capacities. Outlined below are locations where overpressure protection device capacities were presented incorrectly on the Control Equipment Inspection Report form.

The required annual testing or reviews of capacities of regulators and overpressure protection relief devices should have revealed to the reviewers that, in some cases, capacities of regulators appeared to exceed the capacities of overpressure protective relief devices.

Control Equipment Inspection Reports for Relief Valve SLN 571, Alto City Gate Equipment No. 255600 and Regulator SLN 571, Alto City Gate Reg-Primary Equipment No. 255501 indicate improper capacities of 71.5 MSCF/HR and 85 MSCF/HR respectively for 2013 and 2015.

Control Equipment Inspection Report for Relief Valve SLN 508 Entex-Carthage TB Equipment No. 255695 indicated an inadequate capacity of 266 MSCF/HR with the Regulator Capacity @ set point of MAOP to the relief valve in MSCF/HR of 500 in the 2013 inspection cycle.

Control Equipment Inspection Reports reviewed from 2011 – 2015 indicated the capacity of Relief Valve 727470-1 SLN 4695 Equipment No. 257753 to be 2835 MSCF/HR and Regulator Capacity (Equipment No. 259011) @ set point of MAOP to the relief valve in MSCF/HR to also be 2835. Further investigation revealed the correct capacities of the Relief Valve and Regulator to be 2218.4 and 1926.3 MSCF/HR respectively.

Gulf South Procedure 2050 – Regulator and Overpressure Protection states:

“Requirements and Frequencies for Testing and Inspection

Operations Personnel shall inspect and test all DOT regulated pressure regulating and overpressure protection equipment at facilities to determine that it meets the following:

- In good mechanical condition;
- Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;

- Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation; and
- It is set to function at the correct pressure.

Annually the Regional Measurement Leader (RML) shall perform capacity verification on all regulator, relief valve and/or overpressure protection equipment.”

4. §192.465 External corrosion control: Monitoring.

(d) Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.

Gulf South failed to take prompt remedial action to remediate cathodic protection deficiencies discovered during annual monitoring of cathodically protected facilities.

On Line 64, Magasco C.S. to Call Junction, pipe-to-soil measurements taken at mile pole 62.9600 failed to meet the established criteria for adequate cathodic protection for 2014 and 2015 and pipe-to-soil measurements taken at mile pole 63.9010 failed to meet adequate cathodic protection levels for 2014, 2015, and 2016.

Proposed Civil Penalty

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. For violations occurring prior to November 2, 2015, 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. 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 \$62,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$ 29,600
4	\$ 32,400

Warning Items

With respect to Item 2, 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

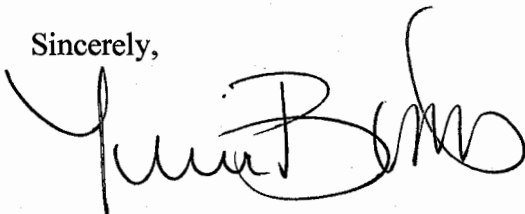
With respect to Item 3 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Gulf South Pipeline, LP. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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 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 4-2018-1001** 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

Enclosure: *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 Gulf South Pipeline, LP a Compliance Order incorporating the following remedial requirements to ensure the compliance of Gulf South Pipeline, LP with the pipeline safety regulations:

1. In regard to Item Number 3 of the Notice pertaining to the failure to properly determine the capacity of pressure reduction and relief devices to protect facilities to which they are connected as required by §192.743:
 - a. Gulf South must conduct a review of pressure reduction and relief device capacities to ensure adequate overpressure protection capacities are in place to maintain downstream operating pressures within the MAOP limits and provide training to individuals responsible for the annual reviews required by §192.743.
 - b. Provide documentation of the reviews of pressure reduction and overpressure protection capacities performed. Also provide the names and dates of when the training was completed for individuals who would be performing the annual reviews required by §192.743.
2. Gulf South shall complete Item 1 within 60 days after receipt of the Final Order.
3. It is requested (not mandated) that Gulf South Pipeline, LP 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.