

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 27, 2018

Mr. Saswati Biswas
Chief Financial Officer
Indorama Ventures Olefins, LLC
4300 Hwy 108
Westlake, LA 70669

CPF-4-2018-5007

Dear Mr. Biswas:

From June 12, 2017 to August 3, 2017, 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 (U.S.C.) inspected your Indorama Ventures Olefins, LLC Lake Charles/Orange Ethylene Pipeline in Houston, 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 (CFR). The items inspected and the probable violation(s) are:

1. §195.403 Emergency Response Training.

(b) At the intervals not exceeding 15 months, but at least once each calendar year, each operator shall:

(1) Review with personnel their performance in meeting the objectives of the emergency response training program set forth in paragraph (a) of this section;

Indorama Ventures Olefins failed to conduct and document emergency response personnel performance reviews to meet the objectives of the emergency response training program at the required interval of once each calendar year, not to exceed 15 months. Indorama would not provide any documentation to support that they conducted emergency response personnel performance reviews at the required intervals.

2. §195.575 Which facilities must I electrically isolate and what inspections, tests, and safeguards are required?

(a) You must electrically isolate each buried or submerged pipeline from other metallic structures, unless you electrically interconnect and cathodically protect the pipeline and the other structures as a single unit.

Indorama Ventures Olefins, LLC failed to determine whether each buried pipeline was electrically isolated from other metallic structures. Indorama's Corrosion Control Procedure, Section 10 of the Liquid Pipeline Operations, Maintenance & Emergency Manual, did not include any guidance regarding electrical isolation of each buried or submerged pipeline from other metallic structures. The verbiage from the code section §195.575(a) was inserted into Section 10 Corrosion Control Procedure during the inspection after it was brought to Indorama's attention by the PHMSA Inspector. The code section added does not constitute a procedure as required by §195.402(c)(3) and did not include Indorama specific guidance on devices to accomplish electrical isolation, installation of these isolation devices, precautions to be taken during installation, or instructions for inspection and electrically testing each isolation to assure the isolation is adequate.

3. §195.575 Which facilities must I electrically isolate and what inspections, tests, and safeguards are required?

(e) If a pipeline is in close proximity to electrical transmission tower footings, ground cables, or counterpoise, or in other areas where it is reasonable to foresee fault currents or an unusual risk of lightning, you must protect the pipeline against damage from fault currents or lightning and take protective measures at insulating devices.

Indorama Ventures Olefins, LLC failed to determine when protection from fault currents and lightning strikes is required and when protective measures must be taken to protect the pipeline against damage. Indorama's Corrosion Control Procedure, Section 10 of the Liquid Pipeline Operations, Maintenance & Emergency Manual, did not include any guidance regarding pipelines that may be in close proximity to electrical transmission tower footings, ground cables, or counterpoise, or pipelines that are at risk of being exposed to lightning strikes. The verbiage from the code section §195.575(e) was inserted into Section 10 Corrosion Control Procedure during the inspection after it was brought to Indorama's attention by the PHMSA Inspector. The code section added does not constitute a procedure as required by §195.402(c)(3) and did not include Indorama specific guidance for personnel to determine when protection from fault currents and lightning strikes is required to protect the pipeline and

other devices or any mitigating steps taken to protect the pipeline and devices that could be affected by fault currents and lightning.

Proposed Compliance Order

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.

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 items 1 through 3 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Indorama Ventures Olefins, LLC. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 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 a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF-4-2018-5007** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Mary L. McDaniel, P.E.
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 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Indorama Ventures Olefins, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Indorama Ventures Olefins, LLC with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to Indorama Ventures Olefins' failure to conduct and document emergency response personnel performance reviews. Indorama must conduct and document reviews of emergency response personnel's performance within 60 day following receipt of the Final Order. Provide documentation to PHMSA Southwest Region once personnel are trained to the objectives of the emergency response training program.
2. In regard to Item Number 2 of the Notice pertaining to Indorama's failure to determine whether electrical isolation from other metallic structures is required for each buried or submerged pipeline. Indorama must develop and follow the procedure as required by §195.402(c)(3) that covers the determination of which devices will be used to accomplish electrical isolation, installation of these isolation devices, precautions to be taken during installation, and instructions for inspection and electrically testing each isolation to assure the isolation is adequate. Indorama's procedure must identify what inspections, tests, and safeguards are required for electrical isolation. The procedures must be developed within 30 days following receipt of the Final Order. Within 90 days following receipt of the Final Order, conduct inspections following the procedures and provide this documentation to PHMSA Southwest Region.
3. In regard to Item Number 3 of the Notice pertaining to Indorama's failure to determine whether electrical isolation was required for their pipelines that may be in close proximity to electrical transmission tower footings and the risk of being exposed to lightning strikes. Within 30 days following receipt of the Final Order, Indorama must develop and follow a procedure as required by §195.402(c)(3) that covers the determination when protection from fault currents and lightning strikes is required to protect the pipeline and other devices and any mitigating steps taken to protect the pipeline and devices that could be affected by fault currents and lightning strikes. Within 90 days following receipt of the Final Order, conduct inspections following the procedures and provide this documentation to PHMSA Southwest Region.

It is requested (not mandated) that Indorama Ventures Olefins, LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary McDaniel, 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.