



ENTERPRISE PRODUCTS PARTNERS L.P.
ENTERPRISE PRODUCTS HOLDINGS LLC
(General Partner)

ENTERPRISE PRODUCTS OPERATING LLC

February 12, 2019

Pipeline and Hazardous Materials Safety Administration
U.S. Department of Transportation
8701 South Gessner, Suite 630
Houston, TX 77074

Attn: Ms. Mary McDaniel
Director, Southwest Region, PHMSA

RE: CPF No. 4-2018-5011
Notice of Probable Violation and Proposed Civil Penalty
Enterprise Crude Pipeline, LLC

Dear Ms. McDaniel,

Enterprise Crude Pipeline, LLC (Enterprise or the Company) is in receipt of the above referenced Notice of Probable Violation and Proposed Civil Penalty dated November 20, 2018 and received December 11, 2018. Enterprise requested and was granted an extension to respond until February 14, 2019. Accordingly this letter constitutes Enterprise's timely response to the subject Notice of Probable Violation.

Item 1:

§194.107 General response plan requirements.

(c) Each response plan must include:

(1) A core plan consisting of-

(x) Plan review and update procedures;

Enterprise failed to follow their OPA 90 Oil Spill Response Plan procedures. Enterprise's latest OPA 90 Oil Spill Response Plan, Section 1.4 Plan Review and Update Procedures states, "At least once each year, review and make appropriate revisions as required by operation or organizational changes."

Enterprise could not verify an annual review was performed on their OPA 90 Oil Spill Response Plan for the years 2013 and 2014.

Enterprise provided the Revision Record-page FWD-v of their OPA 90 Oil Spill Response Plan as record of performing the OPA annual review. The Revision Record only demonstrates revisions have been made to their OPA plan for 2012, 2015 and 2016 years, but did not verify the OPA Plan had been reviewed annually as per their OPA plan Section 1.4.

Enterprise Response to Item 1:

Although annual reviews were conducted in accordance with the OPA 90 Oil Spill Response Plan procedures, Enterprise did not make any reference on the revision log unless there were revisions required. To resolve this documentation issue, Enterprise added a task to the eCompliance Safety Software (ESS) to complete the annual review. In addition, the 49CFR194 OPA90 Annual Review Checklist (see Attachment 1) has been modified to address annual reviews that do not result in any revisions; when no revisions are required the Revision Record shall be updated to include the date of the review and the comment "Annual Review Conducted, No Revisions Required".

Item 2:

§195.56 Filing safety-related condition reports.

(a) Each report of a safety-related condition under §195.55(a) must be filed (received by OPS) within five working days (not including Saturday, Sunday, or Federal Holidays) after the day a representative of the operator first determines that the condition exists, but not later than 10 working days after the day a representative of the operator discovers the condition. Separate conditions may be described in a single report if they are closely related. Reports may be transmitted by electronic mail to InformationResourcesManager@dot.gov, or by facsimile at (202) 366-7128.

Enterprise 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, but not later than 10 working days after Enterprise discovered the conditions. As per 195.55(a)(6), "any safety-related condition that could lead to an imminent hazard and causes (either directly or indirectly by remedial action of the operator), for purposes other than abandonment, a 20 percent or more reduction in operating pressure or shutdown of operation of a pipeline," shall be reported in accordance with § 195.56.

On August 3, 2015, Enterprise performed an integrity assessment on their Hobbs to Midland line using a deformation and magnetic flux leakage (MFL) internal tool. The Hobbs to Midland line (Line ID C13) consists of three segments, AID 7361 – Hobbs to Frankel, AID 7362 – Frankel to Cowboy Station, and AID 7363 – Cowboy Station to Midland Station. On September 17, 2015, Enterprise received the preliminary ILI report for the AID 7363 segment and discovered 4 (Dig 1A, 2A, 3A and 3B) anomalies in high consequence areas (HCAs), and categorized the anomalies as immediate concerns due to physical damage to the pipeline. On September 17, 2015, Enterprise issued a 20% operating pressure reduction on the AID 7363 – Cowboy Station to Midland Station segment due to the immediate conditions.

The preliminary report for AID 7363 established a discovery date of September 17, 2015. Enterprise excavated and evaluated anomaly Dig 1A on September 23, 2016 and found to be a depth of 87.2% external metal loss. Enterprise repaired the anomaly with a Type B sleeve on September 25, 2016. Enterprise excavated and evaluated anomaly Dig 2A on September 29, 2016 and found a gouge to be a depth of 69.9%. Anomaly Dig 2A was encased under a road. Enterprise repaired the anomaly with a Type B sleeve on

September 29, 2016. Enterprise excavated and evaluated anomalies Dig 3A and 3B on September 12, 2016. During sandblasting, an anomaly developed a leak due the sandblasting. Dig 3A and 3B were not evaluated due to emergency repairs on September 12, 2016.

Digs 1A, 2A, 3A and 3B were found to be within 220 yards from a building intended for human occupancy, and was not repaired within 10 working days of the date of discovery. Dig 2A was also found on the right of way of a paved road. Enterprise failed to file a safety-related condition report with PHMSA on all four anomaly digs.

Enterprise Response to Item 2:

Enterprise uses the term "assessment segment or AID" to define the length of pipe for which a single integrity assessment (ILI run or hydrostatic test) is performed. Temporary Pressure Reductions for each assessment segment are addressed based upon the segment's individual assessment and remediation results. Enterprise received the Preliminary ILI Report for AID 7361 LID C13 Hobbs to Frankel City on 08/31/2015 and implemented a 20 percent Temporary Pressure Reduction on 09/02/2015 for Hobbs Station. The Temporary Pressure Reduction met SRC criteria, but was exempt from reporting. The Preliminary ILI Report for AID 7362 LID C13 Frankel City to Cowboy Station was received on 09/15/2015. AID 7362 is a non-HCA and non-IMP pipeline segment, so there were no SRC's from this report. The Preliminary ILI Report for AID 7363 LID C13 Cowboy Station to Midland Station was received on 09/17/2015 and a Temporary Pressure Reduction was implemented on 09/17/2015 at Cowboy Station that affected AID 7363. During the integrity evaluation of the Preliminary ILI Report and the implementation of the Temporary Pressure Reduction review process, the SRC's for AID 7363 were misidentified as non-reportable. Attachment 2 illustrates the subject pipeline and relation between the AID segments 7361, 7362, and 7363.

Enterprise believes the "Good Faith" component, on page 19 of 38, of the Pipeline Safety Violation Report should be changed from "The operator did not have a reasonable justification for its non-compliance" to "The operator had a reasonable justification for its non-compliance". At the time of these integrity assessments the required policies and procedures were in place; and, the appropriate pressure reductions were taken to ensure safe operation of the pipeline. Accordingly, Enterprise respectfully submits that this establishes that the Company acted in good faith (both intentions and actions) to fulfill its obligation to provide for safe operation of the pipeline. As such, Enterprise requests that the Proposed Civil Penalty be withdrawn or reduced accordingly.

Item 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.

(ii) Long-term pressure reduction. When a pressure reduction exceeds 365 days, the operator must notify PHMSA in accordance with paragraph (m) of this section and explain the reasons for the delay. An operator must also take further remedial action to ensure the safety of the pipeline.

Enterprise failed to notify PHMSA in accordance with §195.452(m), of a pressure reduction exceeding 365 days.

Enterprise initiated a temporary reduction of the operating pressure on their Line C13 Hobbs to Midland on September 2, 2015 due to preliminary results of an inline inspection tool identifying anomalies as immediate conditions in a high consequence area. The remediation of the immediate condition was completed on September 29, 2016 as described in Item 2. The pressure reduction exceeded 365 days and no notification to PHMSA was submitted.

Enterprise Response to Item 3:

The Agency alleges that “Enterprise failed to notify PHMSA in accordance with §195.452(m), of a pressure reduction exceeding 365 days (sic)” and also asserts that Enterprise initiated a pressure reduction on September 2, 2015 on Line C13 Hobbs to Midland and that the remediation of an immediate condition was completed on September 29, 2016 as described in Item #3 in the NOPV.

As noted in our response to Item 2, Enterprise uses the term “assessment segment or AID” to define the length of pipe for which a single integrity assessment (ILI run or hydrostatic test) is performed. Temporary pressure reductions for each assessment segment are addressed based upon the segment’s individual assessment and remediation results. The pressure reduction initiation date and remediation of immediate condition date cited in Item #3 above appear to reference events that occurred on multiple assessment segments that had temporary pressure reductions implemented on different dates.

Line ID C13 contains three assessment segments:

- AID 7361 - Hobbs to Frankel City
- AID 7362 - Frankel City to Cowboy Station
- AID 7363 - Cowboy Station to Midland Station

The following is a timeline of events related to the assessment and repair of LID C13 AID 7361 Hobbs to Frankel City.

- 8/31/2015 - Receipt of preliminary ILI report on AID 7361 Hobbs to Frankel City.
- 9/2/2015 - Enterprise elected to implement a temporary pressure reduction on AID 7361 Hobbs to Frankel City to address eight (8) dig sites that were identified in areas outside of HCA could affect portions of this Hobbs to Frankel City assessment segment, see Attachment 3 – email “Temporary Reduction to the Operating Pressure – LID C13 AID 7361 Hobbs to Frankel”. Because the 8 dig sites were not in portions of the pipe that could affect HCAs, the 8 dig sites were not required to be remediated by 195.452 and the temporary pressure reduction was not required to be implemented by 195.452.

- 9/16/2015 - All 8 digs are completed. Enterprise elects to maintain the pressure reduction while ongoing ILI data analysis is underway.
- 12/4/2015 - Updated Final ILI report received. Eleven (11) dig sites are identified that are in HCA could affect segments and meet the repair criteria in 195.452(h)(4)(i), 195.452(h)(4)(ii), or 195.452(h)(4)(iii). No additional actions were required to implement the 195.452 temporary pressure reduction to address any portion of these 11 dig sites because the pressure reduction Enterprise had previously elected to maintain met regulatory requirements for the sites identified on 12/4/2015.
- 8/18/16 - All 11 of the conditions meeting the criteria in 195.452(h)(4)(i), 195.452(h)(4)(ii), and 195.452(h)(4)(iii) are remediated. Therefore, all 11 digs sites were remediated within 258 days from 12/4/2015, the date they were identified in the updated final ILI report. It should also be noted that all 11 of the conditions meeting the criteria in 195.452(h)(4)(i), 195.452(h)(4)(ii), and 195.452(h)(4)(iii) identified on 12/4/2018 were remediated within 351 days from the initiation of the temporary pressure reduction implemented on 9/2/2015.

AID 7362 Frankel City to Cowboy Station did not contain any segments that could affect HCA's. This segment was assessed and digs were identified however, none of these activities were required by 195.452.

The following is a timeline of events related to the assessment and repair of LID C13 AID 7363 Cowboy Station to Midland Station.

- 9/17/2015 - Receipt of preliminary ILI report on AID 7363 Cowboy Station to Midland Station.
- 9/17/2015 - Enterprise implements a temporary pressure reduction which communicated the temporary discharge and shutdown set points for Cowboy station in response to the dig sites identified in the preliminary ILI report on AID 7363 Cowboy Station to Midland Station, see Attachment 4 – email “Temporary Pressure Reduction to the Operating Pressure – LID C13 AID 7361 Hobbs to Midland”. Two (2) digs sites are identified in HCA could affect portions of this Cowboy Station to Midland Station assessment segment and meet the repair criteria in 195.452(h)(4)(i).
- 10/26/2015 - Final ILI reported received.
- 11/30/2015 - Fourteen (14) dig sites are identified that are in HCA could affect portions of this Cowboy Station to Midland Station assessment segment and meet the repair criteria in 195.452(h)(4)(i), 195.452(h)(4)(ii), or 195.452(h)(4)(iii).
- 9/13/16 – All 16 (2 from the preliminary report and 14 from the final report) of the conditions meeting the criteria in 195.452(h)(4)(i), 195.452(h)(4)(ii), and 195.452(h)(4)(iii) are remediated. Therefore, all 14 digs sites meeting the criteria in 195.452(h)(4)(i), 195.452(h)(4)(ii), and 195.452(h)(4)(iii) were remediated within 362 days from the implementation of the pressure reduction on the Cowboy Station to Midland Station segment on 9/17/2015.

In summary, the above timelines demonstrate that, for both AID 7361 Hobbs to Frankel City and AID 7363 Cowboy Station to Midland Station, all anomalies that were regulatory conditions (meeting criteria in 195.452(h)(4)(i), 195.452(h)(4)(ii), and 195.452(h)(4)(iii)) on LID C13 were repaired within 365 days of the implementation of a temporary pressure reduction on the segment for which they were located. At the point where these 195.452 regulatory conditions had been remediated, there was no 195.452 regulatory requirement to maintain a temporary

pressure reduction thus eliminating the applicability of the 195.452 long term pressure reduction reporting requirements.

Given that Enterprise remediated all anomalies that were 195.452 regulatory conditions requiring a temporary pressure reduction in pipeline segments that could impact High Consequence Areas within 365 days of instituting a temporary pressure reduction, Enterprise does not agree that it has violated the requirements of 49 CFR 195.452(h)(1)(ii) and therefore, respectfully and formally requests that PHMSA withdraw Item 3 from this Notice of Probable Violation.

Item 4:

§195.432 Inspection of in-service breakout tanks.

(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel above-ground breakout tanks according to API Std 653 (except section 6.4.3, Alternative Internal Inspection Interval) (incorporated by reference, see §195.3). However, if structural conditions prevent access to a plan included in the operations and maintenance manual under §195.402(c)(3). The risk-based internal inspection procedures in API Std 653, section 6.4.3 cannot be used to determine the internal inspection interval

Enterprise failed to follow their Engineering Standard – Inspection of Atmospheric and Low-Pressure DOT Breakout Tanks Std 9503 (STD 9503), referenced in their operations and maintenance procedure Section 1307 – Breakout Tanks, by not having accurate monthly tank inspection reports and not using their monthly inspection checklist form in Appendix A as stated in STD 9503, Section 6.1 paragraph (2).

During PHMSA field inspection at Enterprise's Cushing East Tank Facility on May 3, 2017, the PHMSA inspector found Tanks 1007 and Tank 1008 had no data plates. After reviewing the monthly tank reports, it was found Enterprise inaccurately recorded tank data plates as "ok". Enterprise is utilizing an Oracle Monthly Inspection Report to record monthly tank inspections. The newer Oracle Monthly Inspection Report does not accurately incorporate the checklist questions as the Appendix A Monthly Inspection Form referenced in their STD 9503.

Enterprise Response to Item 4:

When tanks 1007 and 1008 were constructed (1949), physical nameplates on atmospheric storage tanks were not required by regulation. API 653 3rd Edition, as incorporated by reference in 49 CFR 195.205, requires the installation of nameplates on existing tanks when that tank has been reconstructed. Neither tank 1007 nor 1008 have been reconstructed; therefore, there is no regulatory requirement to add name plates to these tanks.

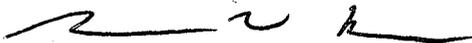
Enterprise utilizes a Computerized Maintenance Management Software (CMMS) (Oracle) to track monthly atmospheric storage tank routine inspections. The inspection checklist items within Enterprise STD 9503 Appendix A (Attachment 5) are addressed within CMMS. If "N" is selected during any inspection, a work order is required to define the required corrective action.

PHMSA alleges that Enterprise incorrectly marked the tank data plates as "Y" within the Oracle Monthly Inspection Report. As noted above, these tanks were designed and constructed in 1949 and there is no requirement for name plates to be present, as such there is no reason to mark "N" since no corrective action is required.

Given that Enterprise completed the monthly tank inspections in accordance with regulation and Enterprise Standards, Enterprise does not agree that it has violated the requirements of 49 CFR 195.432 or Enterprise Engineering Standard – Inspection of Atmospheric and Low-Pressure DOT Breakout Tanks Standard 9503 (STD 9503). Accordingly, Enterprise respectfully and formally requests that PHMSA withdraw Item 4 from the Notice of Proposed Violation.

Should you have any questions, require further information in connection with the above, or wish to discuss this matter in greater detail please do not hesitate to contact our office. Enterprise is committed to public safety, protecting the environment, and operating its pipeline facilities safely and welcomes the opportunity to work with PHMSA regarding the safe operation of our pipelines.

Sincerely,



Graham W. Bacon
Executive Vice President, Operations & Engineering

Attachments:

- Attachment 1 – 49CFR194 OPA90 Annual Review Checklist
- Attachment 2 – LID C13 AID Diagram
- Attachment 3 – Temporary Reduction to the Operating Pressure – LID C13 AID 7361 Hobbs to Frankel
- Attachment 4 – Temporary Reduction to the Operating Pressure – LID C13 AID 7363 Hobbs to Midland
- Attachment 5 – Enterprise STD 9503 Appendix A