

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 23, 2018

Michael Morgan
GM Operations
Centurion Pipeline L.P.
5 Greenway Plaza, Suite 110
Houston, TX, 77046

CPF 4-2018-5013

Dear Mr. Morgan:

On May 1, 2017 through February 23, 2018, 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 procedures for operations and maintenance in Houston and Midland 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. §195.583 – What must I do to monitor atmospheric corrosion control?

(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located:	Then the frequency of inspection is:
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months
Offshore	At least once each calendar year, but with intervals not exceeding 15 months

Centurion Pipeline failed to inspect the exposed portions of its pipeline between Bretch and El Reno, Oklahoma for evidence of atmospheric corrosion as required by 49 CFR §195.583. Atmospheric corrosion inspections are required at least once every 3 calendar years not to exceed 39 months, and the last atmospheric corrosion inspection on the Bretch to El Reno portion of the pipeline was performed in April 1, 2013. Based on the last inspection date, the maximum interval for the next inspection would have been July 1, 2016.

The atmospheric inspection was not performed until October 2017 following the PHMSA inspection of the pipeline system.

2. §195.61 – National Pipeline Mapping system

(a) Each operator of a hazardous liquid pipeline facility must provide the following geospatial data to PHMSA for that facility.

(b) This information must be submitted each year, on or before June 15, representing assets as of December 31, of the previous year. If no changes have occurred since the previous year’s submission, the operator must refer to the information provided in the NPMS Operator Standards manual available at www.npms.phmsa.dot.gov or contact the PHMSA Geographic Information Systems Manager at (202)366-4595.

Centurion failed to submit NPMS data on or before June 15th for both the 2015 and 2016 calendar year data submittals. Letters acknowledging receipt of the NPMS data submitted by Centurion’s personnel to PHMSA in 2016 and 2017 indicates that the submission dates were June 21, 2016 for CY2015 and June 30, 2017 for CY2016.

3. §195.452(l)(1)(ii) –What records must an operator keep to demonstrate compliance?

(1) An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At a minimum, an operator must maintain the following records for review during an inspection:

(ii) Documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.

Centurion Pipeline failed to maintain records documenting the information analysis required by 49 CFR §195.452(g). While the data required under 195.452(g) for the analysis was gathered and entered into the mapping system, there is no record to document an analysis carried out by the Subject Matter Expert (SME.)

Centurion was unable to provide records for review during the inspection of the information analysis carried out to support the pipeline integrity evaluation decisions.

4. §195.563 – Which pipelines must have cathodic protection?

(a) Each buried or submerged pipeline that is constructed, relocated, replaced, or otherwise changed after the applicable date in §195.401(c) must have cathodic protection. The cathodic protection must be in operation no later than 1 year after the pipeline is constructed, relocated, replaced, or otherwise changed, as applicable.

(d) Bare pipelines, breakout tank areas, and buried pumping station piping must have cathodic protection in places where regulations in effect before January 28, 2002 required cathodic protection as a result of electrical inspections.

Centurion Pipeline failed to provide cathodic protection to protect 5 breakout tanks in accordance with §195.563 where new tank bottoms were installed. The tanks include:

Tank # 6689	Slaughter Station
Tanks #7264 and 7265	Artesia Station
Tank #6719	Wasson Station
Tank #1878	Seminole Station.

Centurion installed vapor corrosion inhibitors (VCI) with electric resistance (ER) probes for monitoring the corrosion rates between the tank floors. The use of VCI with ER probes for corrosion control and monitoring is not considered cathodic protection as required by §195.563(d) and 195.565(section 7.2.4.3 of ANSI/API RP 651).

§195.563 and §195.565 require cathodic protection and its installation and does not permit the use of VCI as a substitute for cathodic protection. In each of these tanks, Centurion has cathodic protection on the old tank floor but does not have cathodic protection on the new tank floors.

5. §195.505 – Qualification Program

Each operator shall have and follow a written qualification program. The program shall include provisions:

(a) Identify covered tasks

Centurion Pipeline, L.P failed to follow section 2.2 of their written operator qualification plan that prescribes the four-part test components as described in §195.501. Centurion failed to determine if personnel performing tasks needed to be evaluated and if the task should have been classified as a covered task. Conditions 1,2,3 and 4 in section 2.2 of the OQ plan required that any construction type activities to be carried out on a facility used in the transportation of hazardous liquids needs to be classified as a covered task and the individuals carrying out this task need to be evaluated prior to performing the task.

Centurion did not identify the installation, inspection and maintenance of the Vapor Corrosion Inhibitor systems on 5 of it's regulated breakout tanks prior to the installation and monitoring of the VCI systems on the breakout tanks.

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 \$40,300.

Warning Items

With respect to items 2 and 5 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 this item. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to items 3 and 4 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Centurion 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).

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 4-2018-5013** 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 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Centurion Pipeline, L.P a Compliance Order incorporating the following remedial requirements to ensure the compliance of Centurion Pipeline, L.P with the pipeline safety regulations:

1. In regard to Item Number 3 of the Notice pertaining to maintenance of records for each analysis carried out during the information analysis activity as required under the regulation cited, Centurion Pipeline, L.P shall ensure that records of all analysis carried out as part of the information analysis under the integrity management program are maintained and made available for review during the next scheduled PHMSA inspection.
2. In regard to item number 4 of the notice pertaining to providing cathodic protection to the new floors of the breakout tanks for corrosion control. Centurion Pipeline, L.P shall submit a plan to bring the affected tanks into compliance within 30 days from the receipt of the final order.
3. Records showing compliance with Item 4 shall be submitted to PHMSA no later than 6 months from the issuance of the Final Order in this case.
4. It is requested (not mandated) that Centurion Pipeline, L.P. 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.