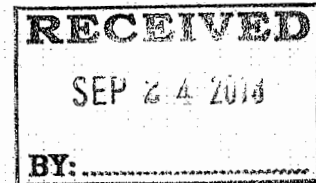


September 24, 2018



Mary L. McDaniel  
Director, Southwest Region  
Pipeline and Hazardous Materials Safety Administration  
8701 S. Gessner, Suite 630  
Houston, Texas 77074

Re: Response to Notice of Probable Violation, CPF 4-2018-5013

Dear Ms. McDaniel,

Centurion submits the following response to the Pipeline and Hazardous Materials Safety Administration's ("PHMSA") Notice of Probable Violation received on July 27, 2018, for which Centurion requested and received an extension for a response on August 28, 2018 until September 24, 2018.

**1. Item 1: §195.583 — What must I do to monitor atmospheric corrosion control?**

In response to Item 1, Centurion has entered annual atmospheric corrosion inspections into its Maximo electronic work scheduling system. This will prompt Centurion to perform atmospheric corrosion inspections on an annual basis, which is more frequently than the three-year interval required by 49 CFR § 195.583. Therefore Centurion will be going beyond the regulatory requirement on a going forward basis.

In consideration of the explanation provided above and prompt corrective action, Centurion requests full mitigation of the proposed penalty.

**2. Item 2: §195.61 — National Pipeline Mapping system**

In response to the Item 2 warning item, Centurion notes that it will be using its Global Integration System process to facilitate compliance with 49 CFR § 195.61 on a going forward basis. In addition, Centurion has scheduled annual submittals of the required geospatial data in its Maximo electronic work scheduling system. This will satisfy the requirement to provide the data to PHMSA on or before June 15 each year.

**3. Item 3: §195.452(l)(1)(ii) —What records must an operator keep to demonstrate compliance?**

Centurion properly maintains records of its analysis carried out as part of its information analysis required under 49 CFR § 195.452(g). The cited regulatory provision requires "documents to support the decisions and analyses" rather than a "record to document an analysis"

as stated in the notice of probable violation (“NOPV”). *See* 49 CFR § 195.452(l)(1)(ii) (emphasis added). Although Centurion believes that its records satisfy both standards, Centurion believes that the plain regulatory language differs from the NOPV’s characterization of the requirement. The regulatory language requires records of supporting documentation, while the NOPV contemplates written documentation summarizing the analysis.

During the inspection, Centurion provided the following records that support its decisions and analyses:

- In-line inspection (“ILI”) results;
- Threat analysis documents;
- Select tool process to inspect threats on pipeline;
- Process to review ILI results;
- Calculate corrosion growth rate;
- Documents showing categorization of needed repairs;
- Repair plan; and
- Work journal for the project.

*See* Attachment A. These records show the process and analysis conducted to make decisions in evaluating the integrity management program. In addition, these records “support the decisions and analyses” made under 49 CFR § 195.452(g). Accordingly, Centurion believes that these records satisfy the regulatory provision at 49 CFR § 195.452(l)(1)(ii).

Regardless, on a going forward basis Centurion will generate a document that comprehensively describes and summarizes the analysis performed to “implement and evaluate each element of the integrity management program.” 49 CFR § 195.452(l)(1)(ii).

In consideration of this explanation, Centurion requests the Item to be withdrawn from the NOPV, or, elimination of the proposed penalty.

#### **4. Item 4: §195.563 — Which pipelines must have cathodic protection?**

Centurion determined that the Wasson tank #6719 is a single bottom tank with cathodic protection in place, so Centurion believes that the NOPV incorrectly identifies this tank as having a new tank bottom without cathodic protection. Centurion has attached the cathodic protection readings for this tank, which date back to January 1, 2012. *See* Attachment B. Therefore Centurion requests that PHMSA withdraw the NOPV Item 4, any associated penalty, and the proposed compliance order with respect to the Wasson tank #6719.

With respect to the other four tanks, Centurion seeks to clarify the proposed compliance order, which pertains to “providing cathodic protection to the new floors of the

breakout tanks for corrosion control” and requires Centurion to “submit a plan to bring the affected tanks into compliance.”

Centurion’s proposed compliance plan consists of cathodic protection measures to comply with 49 CFR § 195.563, but also follows the provision in § 195.565 that states “you don't need to comply with ANSI/API RP 651 when installing any tank for which you note in the corrosion control procedures established under §195.402(c)(3) why complying with all or certain provisions of ANSI/API RP 651 is not necessary for the safety of the tank.” Centurion believes that the cathodic protection measures described below combined with the VCI corrosion control system represent the most effective level of safety for the breakout tanks. Centurion’s Corrosion Control Manual from 2016 contained the following provision:

2.2.2 A cathodic protection system will be installed for breakout tanks to mitigate corrosion. The systems shall be installed in accordance with API Recommended Practice 651, unless noted in this volume why compliance with all or certain provisions of API Recommended Practice 651 is not necessary for the safety of the breakout tank. Noted conditions that will cause compliance with 651 to not be observed may be but are not limited to tanks set on concrete, asphalt pads or where studies conducted in accordance with API 653 indicate that corrosion will not affect the safe operation of the tank. Rehabilitated storage tanks that result in an interstitial space may rely on Centurion’s VCI corrosion control.

Centurion proposes the following compliance plan in response to Item 4 to comply with 49 CFR §§ 195.563, 195.565 for the four breakout tanks:

Tank	Proposed cathodic protection (“CP”)
Slaughter #6689	Centurion has taken CP readings directly around the tank, and plans to take periodic CP readings on a going forward basis. In addition, Centurion has deep well anodes in the “breakout tank area” associated with the area piping system. See 49 CFR § 195.563(d). Centurion has documented why additional CP recommended in API RP 651 such as sacrificial anodes in between tank bottoms is “not necessary for the safety of the tank,” due to the presence of a VCI system on the second bottom, the CP readings, and the deep well anodes in the area of the tank. See 49 CFR § 195.565.
Artesia #7264	Centurion has taken CP readings directly around the tank, and plans to take periodic CP readings on a going forward basis. In addition, Centurion has deep well anodes in the “breakout tank area” associated with the area piping system. See 49 CFR § 195.563(d). Centurion has documented why additional CP recommended in API RP 651 such as sacrificial anodes in between tank bottoms is “not necessary for the safety of the tank,” due to the presence of a VCI system on the second bottom, the CP readings, and the deep well anodes in the area of the tank. See 49 CFR § 195.565.

Artesia #7265	Centurion has taken CP readings around the tank area, and plans to take periodic CP readings on a going forward basis. This tank has a plastic liner, so CP readings can be taken in the area of the tank but cannot be taken directly around the tank like the other 4 tanks. Like the other tanks, Centurion has deep well anodes in the “breakout tank area” associated with the area piping system. <i>See</i> 49 CFR § 195.563(d). Centurion has documented why additional CP recommended in API RP 651 such as sacrificial anodes in between tank bottoms is “not necessary for the safety of the tank,” due to the presence of a VCI system on the second bottom, the CP readings, and the deep well anodes in the area of the tank. <i>See</i> 49 CFR § 195.565.
Seminole #1878	Centurion has taken CP readings directly around the tank, and plans to take periodic CP readings on a going forward basis. In addition, Centurion has deep well anodes in the “breakout tank area” associated with the area piping system. <i>See</i> 49 CFR § 195.563(d). Centurion has documented why additional CP recommended in API RP 651 such as sacrificial anodes in between tank bottoms is “not necessary for the safety of the tank,” due to the presence of a VCI system on the second bottom, the CP readings, and the deep well anodes in the area of the tank. <i>See</i> 49 CFR § 195.565.

In addition, Centurion notes that many of the cathodic protection readings taken on the tanks are below the standard -0.850 volt criteria, but they are at least 100 mv more negative than the native readings, demonstrating the safety of the tanks. *See* Attachment C.

Centurion believes that the proposed compliance plan satisfies the requirements for cathodic protection for the breakout tank areas under 49 CFR § 195.563(d) and 49 CFR § 195.565. As the NOPV notes, the use of VCI is not a substitute for cathodic protection. However, Centurion believes that the use of the VCI for corrosion control and the other cathodic protection practices listed are sufficient to demonstrate “why complying with all or certain provisions of ANSI/API RP 651 is not necessary for the safety of the tank.” 49 CFR § 195.565. Centurion has documented this analysis in its procedures. *See* Centurion’s Corrosion Control Manual, Sec. 2.2, 2016, *supra*.

In consideration of this explanation and the prompt corrective action, Centurion requests mitigation of the proposed penalty.

**5. Item 5: §195.505 — Qualification Program**

In response to the Item 5 warning item, Centurion has evaluated installation, inspection and maintenance of VCI systems. During the audit, Centurion provided records of the OQ qualifications of personnel inspecting and maintaining the VCI system. With regard to VCI installation, Centurion does not believe that this task meets the four-part test for “covered tasks” described in § 195.501. Centurion has documented this determination for its records to satisfy its OQ plan and the requirement to “identify covered tasks” under 49 CFR § 195.505(a). *See* Attachment D. Centurion’s determination that the installation tasks do not meet the “covered task” four-part test is consistent within the industry. Industry standards ASME B31Q and API

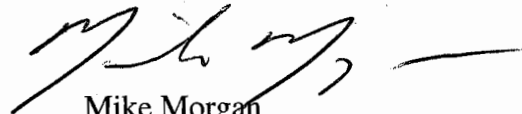
Recommended Practice 1161 and industry organizations such as the Operator Qualifications Solutions Group and Veriforce Integrated Compliance Solutions have not identified VCI-related installation tasks as OQ “covered tasks.”

On a going forward basis, Centurion will follow its OQ plan Section 2.2 to perform the required “covered task” analysis for construction activities on facilities used in the transportation of hazardous liquids, consistent with its OQ plan and the requirement to “identify covered tasks” under 49 CFR § 195.505.

**Conclusion**

Centurion appreciates PHMSA’s consideration of the above explanations and would welcome the opportunity to discuss these items in more detail. Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Morgan', with a horizontal line extending to the right.

Mike Morgan  
GM Operations