

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 29, 2019

Richard Keyser
Senior Vice President of Operations
Gulf South Pipeline Company, LP
9 Greenway Plaza, Suite 2800
Houston, Texas 77046

CPF 4-2019-1001W

Dear Mr. Keyser:

On June 27, 2017 through June 29, 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 Gulf South Pipeline Company, LP (Gulf South) Coastal Bend Header Project in West Columbia, Texas Field Office.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violation is:

1. §191.22 National Registry of Pipeline and LNG operators

(c) Changes. Each operator of a gas pipeline, gas pipeline facility, underground natural gas storage facility, LNG plant or LNG facility must notify PHMSA electronically through the National Registry of Pipeline, Underground Natural Gas Storage Facility, and LNG Operators at <http://opsweb.phmsa.dot.gov> of certain events.

- (1) An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:**
- (i) Construction or any planned rehabilitation, replacement, modification, upgrade, uprate, or update of a facility, other than a section of line pipe that costs \$10 million or more. If 60-day notice is not feasible because of an emergency, an operator must notify PHMSA as soon as practicable;**

Gulf South failed to notify PHMSA of new construction activities for the Katy Lateral pipeline project as required by 191.22 (c)(1)(i). During a field inspection on June 27, 2017, hydrostatic pressure testing records and drawings of the existing Index 129 pipeline were reviewed along with the Coast Bend Header (CBH) pipeline project. At that time, PHMSA became aware that construction of a new pipeline called Katy Lateral would commence in September 2017 at an interconnection with Index 129 and terminate in the Enstor's natural gas storage facility.

After review of the Katy Lateral project information, PHMSA learned that construction was already in progress. During the project, Gulf South made revisions that caused horizontal directional drilling (HDD) modifications to surpass the \$10 million cost threshold. The cost revisions were made in April of 2017 and Gulf South failed to provide notification as soon as practicable or at least 60 days prior to the start of construction as required by 191.22 (c)(1)(i).

On June 30, 2017, Gulf South filed an operator registry notification with PHMSA for the Katy Lateral pipeline project. Gulf South confirmed that the construction began prior to the date of the operator notification and did not provide timely notification to PHMSA of the project even after project was revised and the operator became aware that the \$10 million threshold was exceeded.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$213,268 per violation per day the violation persists, up to a maximum of \$2,132,679 for a related series of violations. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. 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 conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Gulf South Pipeline Company, LP being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2019-1001W**. 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).

Sincerely,

Mary L. McDaniel, P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration