

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

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

March 18, 2019

Gregory McIlwain  
Senior Vice President Operations  
Sunoco Pipeline L.P.  
1300 Main Street  
Houston, Texas 77002

**CPF 5-2019-5010**

Dear Mr. McIlwain:

From January 22, 2018 through December 05, 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 Sunoco Pipeline L.P.'s (Sunoco) Garden City Pipeline in Houston, Abilene, and Pearland, 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 violations 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:**

<b>If the pipeline is located:</b>	<b>Then the frequency of inspection is:</b>
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

Sunoco failed to conduct an atmospheric corrosion inspection on the Bronte to Garden City 10” segment at station # 2260 + 00 and 2227 + 64 at the required frequency of at least once every 3 years, with intervals not exceeding 39 months. Records reviewed show that the most recent atmospheric corrosion inspection was carried out on September 9, 2013. Records further indicated an attempt was made to re-inspect the locations on November 30, 2016; however, Sunoco personnel were denied access (within the Fort Hood Army Base.) The reinspection of these segments was eventually carried out on March 28, 2018, resulting in a reinspection interval of 54 months rather than the required 39 month maximum.

**2. §195.573 What must I do to monitor external corrosion control?**

**(a) Protected pipelines. You must do the following to determine whether cathodic protection required by this subpart complies with § 195.571:**

**(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.**

Sunoco failed to conduct annual cathodic protection surveys to determine its adequacy and compliance with §195.571 on the Temple to Evant Segment (Stations 1292 + 87 to 1717 +41) for two consecutive years (within the Fort Hood Army Base.) A review of annual cathodic survey records provided at the time of the PHMSA inspection indicated that a survey was not completed for 2016, 2017 and continuing up to the time of this inspection in 2018.

**3. §195.402 Procedural manual for operations, maintenance, and emergencies**

**(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted**

Sunoco’s Corrosion supervisors did not carry out the periodic review of the operating personnel’s work (inspection records) for atmospheric corrosion evaluations conducted. Sunoco’s written Operations and Maintenance manual section 195.583 entitled Monitoring for Atmospheric Corrosion – subsection 4(ii) requires that any remediation required be completed not later than one calendar year from the date of discovery. Atmospheric Corrosion Inspection records reviewed for multiple stations on the Evant – Zephyr 10” segment showed that while atmospheric inspections

were carried out on 7/28/2016 and 8/3/2016, the periodic review by the supervisor did not happen until 8/8/2017 which is more than one year after the inspection.

**4. §195.412 Inspection of rights-of-way and crossings under navigable waters.**

**(a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.**

Sunoco failed to carry out the right of way inspection for the portion of the right of way within the U.S. Army's Fort Hood base. Sunoco was unable to provide records to demonstrate that the right of way inspection was carried out as required by §195.412(a). Following the inspection, Sunoco provided information to confirm that the inspections of the right of way had not occurred in 2016 and 2017, but had resumed in July 2018 after Sunoco merged with Energy Transfer Partners.

Proposed Civil Penalty

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. 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 \$69,800 as follows:

<u>Item number</u>	<u>PENALTY</u>
2	\$69,800

Warning Items

With respect to items 1, 3, and 4 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 item 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Sunoco 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 4-2019-5010** 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 Sunoco Pipeline L.P. a Compliance Order incorporating the following remedial requirements to ensure the compliance of Sunoco Pipeline L.P. with the pipeline safety regulations:

1. In regards to Item Number 2 of the Notice pertaining to conducting tests on the protected pipeline segment from Temple to Evant at least once every year with intervals not exceeding 15 months to determine the adequacy of the cathodic protection, Sunoco Pipeline shall arrange to have the cathodic protection tests performed on the Temple to Evant Segment within 60 days of the issuance of the Final order provide records if a survey has been completed.
2. It is requested (not mandated) that Sunoco 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.