



SUNOCO PIPELINE
An ENERGY TRANSFER Partnership

1300 Main Street
Houston, TX 77002

June 3, 2019

By Electronic Mail

Mary McDaniel, Director
Southwest Region
Pipeline and Hazardous Materials Safety Administration
U.S. Department of Transportation
8701 South Gessner Road, Suite 630
Houston, TX 77074

Re: Sunoco Pipeline, L.P. Amdel Pipeline
Notice of Probable Violation and Proposed Compliance Order
CPF 4-2019-5010

Dear Ms. McDaniel:

Pursuant to 49 C.F.R. Part 190.208, Sunoco Pipeline L.P. (SPLP or Company) submits this written response to a Notice of Probable Violation (NOPV), Proposed Civil Penalty (PCP) and Proposed Compliance Order (PCO) issued on March 18, 2019, by the Pipeline and Hazardous Materials Safety Administration (PHMSA). PHMSA's NOPV alleges four (4) violations and includes a PCP of \$69,800 and a PCO proposing one (1) remedial requirement to address the one of alleged violations. The NOPV was received by SPLP via certified U.S. Mail on March 24, 2019. On April 25, 2019, PHMSA granted SPLP's request for an extension of time to respond until June 3, 2019, thus this response is timely.

SPLP requested an extension of time to allow for a meeting with the PHMSA Southwest Region to discuss access issues in the area of the Amdel pipeline traversing the U.S. Army's Fort Hood base. This meeting occurred by phone on May 31, 2019. While SPLP neither admits nor denies the allegations, the Company is not contesting the NOPV, PCP or PCO and is arranging for payment of the PCP to be made. As discussed with PHMSA, SPLP provides this written response to (1) explain the accessibility issues; (2) discuss the ongoing efforts to resolve the accessibility issues via a relocation of the pipeline; and (3) discuss interim measures SPLP proposes to implement to ensure continued pipeline integrity until the provisions of the PCO can be met or otherwise are revised.

PHMSA NOPV

By way of background, this enforcement action was issued following an inspection of SPLP's Garden City to Nederland pipeline (Amdel) system in Houston, Abilene and Pearland, Texas from January 22 - December 05, 2018. The four (4) allegations in the NOPV concern external corrosion control and monitoring requirements set forth in 49 C.F.R. Parts 195.583 and 195.573, procedural manual for operations set forth in Part 195.402 and inspection of rights-of-way (ROW) set forth in Part 195.412. In particular, PHMSA alleges that SPLP failed to conduct atmospheric corrosion inspections, annual cathodic protection surveys, periodic review of operating personnel's work and carry out right-of-way inspections. With respect to the NOPV allegations in Items 1, 3 and 4, relating to 49 C.F.R. Parts 195.583, 195.402 and 195.412, and as set forth in the NOPV, PHMSA has reviewed the circumstances and supporting documents and decided not to pursue additional enforcement or penalty assessment proceedings and issued the related items as Warning Items. For those three NOPV items, SPLP was able to subsequently perform the required inspections or review as detailed in the NOPV.

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To address the alleged violation in NOPV Item 2 of Part 195.573, PHMSA proposes to issue SPLP a PCP of \$69,800 and a PCO that would require the Company to complete a cathodic protection (CP) survey of its Temple to Evant segment within 60 days of the issuance of the Final Order and provide records to PHMSA upon completion of the survey.

Pipeline Background, Access Issues, and Planned Relocation

The Amdel pipeline was originally constructed in the 1920s along ROW that was also purchased during this time period. The pipeline crosses through the middle of what is now known as the U.S. Army's Fort Hood base. The U.S. Army purchased the surrounding property subject to the easement after the time of pipeline construction, in the 1940s. The pipeline has been operational through the Fort Hood property since that time and SPLP acquired the pipeline in 2006. During SPLP's period of ownership, the pipeline has never experienced a release within the boundaries of Fort Hood.

Due to the nature of activities conducted on the Fort Hood property, the U.S. Army began limiting and restricting Company access to certain areas of the ROW. As a result, SPLP has been and is engaged in discussions with the Army about the ongoing need to perform inspection and maintenance activities on the ROW crossing the base. Via these discussions it has been explained to the Army that the Company's easement was preexisting and its rights were superior to the rights of the Army. To address these issues, the parties are taking steps to facilitate relocation of the pipeline. The parties are currently working on routing options and on a special appropriation line item in Congressional legislation to fund the project, which requires coordination with U.S. Senators for Texas, among others.

Interim Safety Measures and Requested Revisions to the PCO

Meanwhile, the Company continues to have access needs in order to inspect the pipeline to meet its obligations under 49 C.F.R. Part 195 and its own procedures. In 2018, the Company was able to negotiate access for all but one area of the ROW on the Fort Hood property. This limited access facilitated SPLP's performance of all but one required Part 195 inspection, with the exception being the ability to conduct a cathodic protection survey subject to Item 2 of the NOPV, concerning Part 195.573.

The Company continues to be unable to fully access approximately eight (8) miles of surface ROW on the Army base. The Army permitted access to this area most recently in 2013. During that timeframe, SPLP was able to conduct a close interval survey (CIS) and the majority of the segment was above regulatory criteria of 0.850 mV with the cathodic protection system "on." This area contains nine (9) cathodic protection test stations to which the Company has had only intermittent, limited access to in order to perform the annual cathodic protection surveys identified in Item 2 of the NOPV. Rectifiers supplying current to the cathodic protection system are located on either side of this area that is inaccessible, and a ground bed was installed in 2013 on the west side to provide supplemental current. The Company has access to these rectifiers for inspection to maintain compliance with 195.573(c).

Until such time as the Army will either permit unlimited access sufficient for the Company to satisfy its obligations and/or the pipeline is relocated as discussed above, the Company will be unable to fully resolve the conditions of the PCO. In the interim period of time, the Company proposes to perform the following activities to ensure continued pipeline integrity:

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1. Continue efforts to negotiate access with the Army
2. Weekly aerial patrols (weather permitting)
3. Annual In-Line-Inspections (ILI) with Def/MFL tool
4. Analysis of ILI resultant data sets against past data sets

Most recently, an ILI was completed in 2017 on this portion of the Amdel pipeline. Beginning in 2019 and to address PHMSA's concerns, SPLP proposes to perform annual ILI and analysis of resultant data with prior ILI data sets to identify any corrosion growth rate (CGR) levels which would impact calculated time to critical wall loss. Most recent analysis utilizing the 2017 and 2014 ILI data sets with an aggressive CGR factor of 10 mpy indicated that no metal loss features identified in the area of exclusion will reach critical level (80% wall loss) within eight (8) years. The Company believes the integrity data provided by the annual ILI and resultant analysis of such data, combined with weekly patrols, support the continued integrity and safe operation of this section of pipe. SPLP proposes to perform these additional actions until such time that SPLP is able to gain full access to the pipeline or the pipeline is relocated; whichever occurs first.

If at any time results of this monitoring and analysis identify actionable anomalies, the Company will communicate with PHMSA and take all appropriate action at that time based on the findings and consistent with 49 C.F.R. Part 195.

In light of the integrity information and additional integrity monitoring described above and without admitting to the alleged violations in the NOPV, SPLP respectfully requests that PHMSA revise the PCO to account for the above interim measures to ensure pipeline integrity for the period of time specified or until such time as SPLP is able to gain access or that the pipeline in the area of the Fort Hood Army base can be relocated; whichever occurs first. SPLP continues to work with representatives from the U.S. Army to negotiate access as well as to determine a route and schedule for the relocation.

SPLP shares PHMSA's commitment to pipeline safety, public safety, and pipeline integrity, and in light of that commitment, appreciates PHMSA's consideration of this request.

Sincerely,

Handwritten signature of Greg McIlwain in blue ink, dated 6/3/19.

Greg McIlwain
Senior VP of Operations
Energy Transfer Partners

cc: Todd Stamm, VP – Pipeline Operations
Mark Milliken, Sr. Director – Technical Services
Danny Nichols, Sr. Director Regulatory Compliance
Leif Jensen, Sr. Director Liquid Tech Operations
Todd Nardozi, Sr. Manager DOT Compliance
Curtis Stambaugh, Esq., Assistant General Counsel, ETP
Catherine Little, Esq., Troutman Sanders, LLP