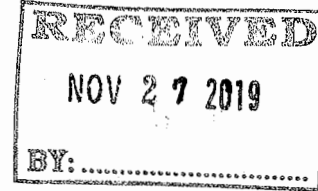




November 21, 2019

**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: West Texas Gulf Pipeline Co.  
Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order  
CPF 4-2019-5019

Dear Ms. McDaniel:

Pursuant to 49 C.F.R. Part 190.208, West Texas Gulf Pipeline Co. (WTG or Company) submits this written response to a Notice of Probable Violation (NOPV), Proposed Civil Penalty (PCP) and Proposed Compliance Order (PCO) issued on October 24, 2019, by the Pipeline and Hazardous Materials Safety Administration (PHMSA). PHMSA's NOPV alleges one (1) violation and includes a PCP of \$64,600 and a PCO proposing one (1) remedial requirement to address the alleged violation. The NOPV, received by WTG on October 29, 2019, provided for 30 days following receipt to submit written comments, thus this response is timely.

While WTG neither admits nor denies the allegations, WTG is not contesting the NOPV or PCO however is presenting information to supplement the record and is also respectfully requesting PHMSA to consider additional information included in this response and to recalculate the PCP accordingly. WTG provides this written response to (1) explain the background of the WTG Pipeline, (2) supplement information regarding certain items in the PHMSA NOPV description and (3) provide responses to substantiate the WTG request for recalculation of the PCP.

**PHMSA NOPV**

By way of background, this enforcement action was issued following an inspection of WTG over the dates of October 14, 2018 through July 24, 2019 following two (2) failures during hydrostatic pressure testing on the Colorado City to Abilene segment that occurred on October 14 and 20, 2018, in Nolan and Taylor County, Texas.

The one (1) allegation in the NOPV concerns Maximum Operating Pressure (MOP) requirements set forth in 49 C.F.R. Part 195.406. In particular, PHMSA alleges that WTG failed to establish MOP for its WTG #1 (Colorado City to Wortham, Texas) and WTG #2 (Wortham to Nederville<sup>1</sup> and Wortham to Longview, TX) pipelines. PHMSA further claims that the pipeline has operated without an established MOP since 2002 and could not produce pressure test records, operating pressure charts, logs or other supporting evidence to show that the MOP of its WTG pipeline was set in accordance with 49 C.F.R. Part 195.406.

To address the alleged violation of 49 C.F.R. Part 195.406, PHMSA proposes to issue WTG a PCP of \$64,600 and a PCO that would require the Company to submit operating pressure recording charts or logs to verify the MOP per 49 C.F.R. Part 195.406(a)(5), or perform a pressure test per the requirements of 49 C.F.R. Part 195.406(a)(3) to establish an MOP of its WTG #1 and WTG #2 pipelines. If pressure testing option is chosen to establish MOP, WTG shall develop and provide PHMSA with a detailed process and schedule by which it will complete the hydrostatic pressure testing of all remaining pipeline segments.

<sup>1</sup> Endpoint of the West Texas Gulf Pipeline is Nederland, TX.

### **Pipeline Background**

The WTG pipeline system was completed in 1953 and has been operated and maintained by multiple organizations in crude oil service since that time. Operation of the WTG pipeline system transitioned to Sunoco on January 1, 2005; however, the operator of record remained WTG and the Company has maintained the unique OPID (22442) for the system. Though post construction hydrostatic pressure testing is believed to have taken place, the records of such testing are not able to be located. Due to the lack of these post construction records, the previous operator of WTG elected to utilize the Risk Based Alternative (RBA) to pressure testing program under 49 C.F.R. Part 195.303 and established an MOP under 49 C.F.R. Part 195.406(a)(5) by December 7, 1998. The MOP has remained unchanged since that time. The records supporting the establishment of MOP under 49 C.F.R. Part 195.406(a)(5) from 1998 have not been located and as such are the subject of the NOPV. It should be noted that the MOP is set below the 72% of SMYS design pressure of the system calculated under 49 C.F.R. Part 195.106. The lowest design pressure calculation for the system is 795 psig.

After taking over operation of WTG in 2005, the Company performed successful hydrostatic pressure testing on the 26 inch Wortham to Nederland segment and confirmed the 750 psig MOP under 49 C.F.R. Part 195.406(a)(3). All tests met the requirements of 49 C.F.R. Part 195 Subpart E. The 26 inch Colorado City to Wortham segment and the 20 inch Wortham to Longview segment remained under the RBA program. These remaining segments under the RBA program are not "pre-1970 pipe susceptible to longitudinal seam failures" and meet the definition of the "A" Risk Classification under 49 C.F.R. Part 195.303 and Appendix B and hence do not require additional testing. The Risk Classification is reviewed annually, not to exceed 15 months per 49 C.F.R. Part 195.303(g). However, beginning in 2018 the Company began efforts to hydrostatically pressure test these remaining segments on a pre-determined schedule with the first test affected in the 4<sup>th</sup> quarter of 2018 on the 26 inch Colorado City to Abilene segment. Since that time, the 26 inch Abilene to Ranger segment was also successfully tested in 2019. The 26 inch Ranger to Blum, Blum to Wortham and 20 inch Wortham to Longview segments remain to be tested under the established schedule.

All segments of the WTG system have been assessed via Deformation and Magnetic Flux Leakage (Def/MFL) at intervals not exceeding 5 years for corrosion features and periodically with ILI tools capable of detecting crack like features since the Company became the operator of record for the WTG system. All actionable features identified via these ILI assessments are repaired in compliance with all applicable 49 C.F.R. Part 195 requirements. WTG has also performed annual cathodic protection surveys to identify potential deficiencies in cathodic protection and confirm adequate corrosion protection.

### **Corrections to NOPV Record**

The NOPV states that WTG failed to establish an MOP for its WTG #1 and WTG #2 pipelines in accordance with 49 C.F.R. Part 195.406 and that the pipeline has operated without an established MOP since 2002. The NOPV further claims that WTG could not produce pressure test records, operating pressure charts, logs or other supporting evidence that the MOP was set in accordance with 49 C.F.R. Part 195.406(a). While the NOPV correctly identifies that there are segments left to be tested the Company wishes to supplement the NOPV record with corrective information counter to certain PHMSA assertions. PHMSA acknowledges that six (6) segments on the pipeline were tested by 2018 and that four (4) segments remain untested and include Abilene to Ranger, Ranger to Blum, Blum to Wortham and Wortham to Longview. As described above however, the Abilene to Ranger segment was successfully tested in 2019 and therefore leaving only three (3) segments out of the four to be tested.

The Company has had an established MOP under 49 C.F.R. Part 195.406(a)(3) for the 26 inch Wortham to Nederland segment since 2005 when the Company became the operator of record for the WTG system and at the time of the PHMSA investigation. The supporting pressure test records were reviewed by PHMSA during the investigation at an in person meeting in February 2019. Since that time, and also described above, the 26 inch Colorado City to Abilene and Abilene to Ranger segments have been successfully pressure tested to establish MOP under 49 C.F.R. Part 195.406(a)(3). The records of the Colorado City to Abilene test were also supplied to PHMSA during the course of the investigation.

In addition to the pressure testing done in 2005 to establish MOP for the 26 inch Wortham to Nederland segment, the Company maintained the MOP that was established by the prior operator via 49 C.F.R. Part 195.406(a)(5) in 1998. Although WTG is unable to locate and was unable to produce these specific records during the course of the investigation, the Company believes that these records did exist. While the Company understands its burden to maintain such records under 49 C.F.R. Part 195 requirements, to state the Company failed to establish MOP for the entire WTG pipeline system is misleading based on the information discussed above. Additionally, to address the situation the Company has developed the following schedule to establish MOP under 49 C.F.R. Part 195.406(a)(3) for the remaining untested segments and those for which records supporting establishment of MOP under 49 C.F.R. Part 195.406(a)(5) have not been located:

Segment	Pressure Test Year
Ranger to Blum	2020
Blum to Wortham	2021
Wortham to Longview	2022

The Company believes this schedule will also satisfy Item 1 of the PCO and is presenting such for PHMSA concurrence.

**Request for Reconsideration, Recalculation and Reduction of PCP**

While WTG neither admits nor denies the allegations, the Company is not contesting the NOPV or PCO however is respectfully requesting PHMSA to consider the additional information included in this response and the discussion below and recalculate the PCP accordingly.

Based on the Proposed Civil Penalty Worksheet, PHMSA has assigned three (3) points to the “Nature” of the NOPV, which is commensurate with activities equivalent to not preparing or following procedures or not complying with a PHMSA Order or Special Permit. The Company believes that based on the discussion presented above and via communication and information exchanged between the Company and PHMSA during the course of the investigation that an assignment of one (1) point to the Nature of the NOPV is more appropriate. One (1) point indicates that records were missing or otherwise incomplete which in this case is accurate as records supporting the establishment of MOP under 49 C.F.R. Part 195.406(a)(5) from 1998 have not been located and as such are the subject of the NOPV.

Additionally, based on the Proposed Civil Penalty Worksheet, PHMSA has assigned two (2) instances of violation to the “Gravity” calculation. The WTG pipeline system is one system and the NOPV relies upon the lack of records supporting the establishment of MOP under 49 C.F.R. Part 195.406(a)(5) from 1998 for such system. It appears after a review of the Pipeline Safety Violation Report that PHMSA has relied upon the two (2) hydrostatic pressure test failures and resultant National Response Center (NRC) reports from October 14, 2019 and October 20, 2019 respectively as evidence in support of two (2) instances of violation of 49 C.F.R. Part 195.406(a)(5). The Company points out that both releases occurred on the Colorado City to Abilene segment and were reportable due to small amounts of residual product entrained in the pressure test water and they met certain requirements for immediate reporting under 49 C.F.R. Part 195.52. Despite the fact that there were two (2) reportable releases while the pipeline segment was under pressure testing, assigning two (2) separate instances of violation for an unrelated requirement under 49 C.F.R. Part 195.406(a)(5) is in error and the instances should be corrected to one (1).

Additionally, based on the Proposed Civil Penalty Worksheet, PHMSA has assigned two (2) points to the “Culpability” calculation, which is commensurate with failing to comply with an applicable requirement. While the Company has not located records to support establishment of MOP under 49 C.F.R. Part 195.406(a)(5) and is not contesting the NOPV, the Company was at the time of the PHMSA investigation in process of taking documented action to address the non-compliance by pressure testing the Colorado City to Abilene segment of the WTG pipeline system. In fact, it was two (2) failures during the course of this testing that led to the initiation of the PHMSA investigation. The Company had also developed a schedule to test the remaining segments that did not have records to support compliance with 49 C.F.R. Part 195.406(a)(5). This schedule is also presented above for PHMSA’s consideration to resolve PCO Item 1. The Company believes that the PCO calculation should reflect these actions and be revised.

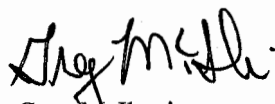
Mary McDaniel, Director

November 21, 2019

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WTG 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 and in light of the additional background and information and clarifications provided above, WTG respectfully requests that PHMSA recalculate and reduce the PCP accordingly.

Sincerely,



Greg McIlwain  
Senior VP of Operations  
Energy Transfer Partners

cc: Todd Stamm, VP – Pipeline Operations  
Mark Milliken, VP – Technical Services  
Danny Nichols, Sr. Director Regulatory Compliance  
Leif Jensen, Sr. Director Liquid Tech Operations  
Todd Nardozzi, Sr. Manager DOT Compliance  
Dawn McGuire, Esq., Assistant General Counsel, ET