U.S. Department
of Transportation
Pipeline and
Hazardous Materials
Safety Administration

409 3rd St. S.W. Suite 300
Washington, D.C. 20024

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 16, 2008

Ms. Marjorie Dawson
President
Portland Pipeline Terminal
30 Hill Street
S. Portland, ME 04106

CPF 1-2008-5004M

Dear Ms. Dawson:

During the week of November 5, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your crude oil pipeline between Portland, Maine and Jay, Vermont.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Portland Pipeline Corporation's (PMPL) plans or procedures, as described below:

1. **§195.403 Emergency Response Training.**

(a) Each operator shall establish and conduct a continuing training program to instruct emergency response personnel to:
(1) Carry out the emergency procedures established under 195.402 that relate to their assignments;
(2) Know the characteristics and hazards of the hazardous liquids or carbon dioxide transported, including, in case of flammable HVL, flammability of mixtures with air, odorless vapors, and water reactions;
(3) Recognize conditions that are likely to cause emergencies, predict the consequences of facility malfunctions or failures and hazardous liquids or carbon dioxide spills, and take appropriate corrective action;
(4) Take steps necessary to control any accidental release of hazardous liquid or carbon dioxide and to minimize the potential for fire, explosion, toxicity, or environmental damage; and
(5) Learn the potential causes, types, sizes, and consequences of fire and the appropriate use of portable fire extinguishers and other on-site fire control equipment, involving, where feasible, a simulated pipeline emergency condition.

Section 11 of PMPL's Operations and Maintenance Procedures Manual (O&M) details PMPL's Emergency Response Training Procedures (ERTP). The procedures are lacking sufficient detail regarding the training materials. Operator states that the entire O&M is the training guide. The ERTP was lacking specificity with respect to training materials, training curriculum and schedule of the ERT classes.

2. **§195.567 Which pipelines must have test leads and what must I do to install and maintain the leads?**
(b) Installation. You must install test leads as follows:
(1) Locate the leads at intervals frequent enough to obtain electrical measurements indicating the adequacy of cathodic protection.
(c) Maintenance. You must maintain the test lead wires in a condition that enables you to obtain electrical measurements to determine whether cathodic protection complies with Sec. 195.571.

PMPL's O&M section 6.5.2.2 states that test stations are located at most road crossings along the ROW. This does not necessarily assure that the operator can properly monitor the adequacy of the cathodic protection along the entire pipeline. The procedures fail to establish a maintenance program for the test lead wires to assure their suitability for testing the cathodic protection system on the pipeline.

3. **§195.573 What must I do to monitor external corrosion control?**

(c) Rectifiers and other devices. You must electrically check for proper performance each device in the first column at the frequency stated in the second column.

Device	Check frequency
Rectifier **Reverse current switch** **Diode** **Interference bond whose failure would jeopardize structural protection**	**At least six times each calendar year, but with intervals not exceeding 2 ½ months**
Other interference bond	**At least once each calendar year, but With intervals not exceeding 15 months.**

PMPL's O&M section 6.5.2.2.f states:

> **Resistance bonds – These are electric ties between our own lines and foreign pipelines that cross us. Data is gathered that reflects the electric current flow in amperes to or from these lines.**

The O&M provides no guidance on the testing of the interference bond nor does it provide the results of the monitoring that would prompt corrective action.

4. **§195.573 What must I do to monitor external corrosion control?**
   (e) Corrective action. You must correct any identified deficiency in corrosion control as required by Sec. 195.401(b). However, if the deficiency involves a pipeline in an integrity management program under Sec. 195.452, you must correct the deficiency as required by Sec. 195.452(h).

PMPL's O&M do not specify that deficiencies identified in corrosion control must be corrected to satisfy §195.401(b) which requires that corrections be done within a reasonable time, or if the condition presents an immediate hazard . . . the operator may not operate the pipeline until it has corrected the unsafe condition

5. **§195.575 Which facilities must I electrically isolate and what inspections, tests, and safeguards are required?**
   (c) You must inspect and electrically test each electrical isolation to assure the isolation is adequate.

PMPL's O&M section 6.5.5.4.b state that the insulated flanges and casings will be tested, but they do not specify a definite test interval. There is no prescribed follow-up action when operator discovers a shorted casing.

6. **§195.579 What must I do to mitigate internal corrosion?**
   (a) General. If you transport any hazardous liquid or carbon dioxide that would corrode the pipeline, you must investigate the corrosive effect of the hazardous liquid or carbon dioxide on the pipeline and take adequate steps to mitigate internal corrosion.

PMPL states that the tariff limits crude to <1% BS&W (sand, grit, dirt, wax and water). Operator runs a cleaning pig through the pipeline quarterly. Vessels provide assay analysis with

hydrogen sulfide (H_2S) concentrations, but the procedures do not provide threshold levels of H_2S, or other corrosive materials, to alert operating staff of problem batches and what protections operator could take to protect the pipeline from internal corrosion.

7. **195.579 What must I do to mitigate internal corrosion?**
(c) Removing pipe. Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion. If you find internal corrosion requiring corrective action under Sec. 195.585, you must investigate circumferentially and longitudinally beyond the removed pipe (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe.

PMPL's O&M fails to provide procedures to maintenance staff on the inspection of removed pipe for internal corrosion.

8. **§195.581 Which pipelines must I protect against atmospheric corrosion and what coating material may I use?**
a) You must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.
(b) Coating material must be suitable for the prevention of atmospheric corrosion.

PMPL O&M fails to specify the process involved in the application of coating to ensure that it adheres to the pipeline. The O&M also fails to specify acceptable coatings to protect the pipeline from atmospheric corrosion.

9. **§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:
If the pipeline is located onshore, then the frequency of inspection is at least once every 3 calendar years, but with intervals not exceeding 39 months . . .
(b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports . . . and in spans over water.
(c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by Sec. 195.581.

PMPL's O&M in Section 6 refers to the annual paint inspection. There is only reference to "paint and coating failures." Procedures fail to specify different levels of coating failure, levels of pipe degradation or urgency of remediation. Procedures provide only for remediation during warmer weather.

10. **§195.589 What corrosion control information do I have to maintain?**
(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must

retain these records for at least 5 years, except that records related to Secs. 195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

PMPL's O&M in Section 6 requires only that "if abnormalities are discovered [during the annual paint/coating inspection], an immediate report is made to maintenance Supervisor South Portland." PMPL's procedures do not specify criteria to measure the adequacy of corrosion control measures or that PMPL record the absence of corrosion requiring control measures. PMPL's procedures do not designate a period of record retention.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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. 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). 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, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF 1-2008-5004M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Byron Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*