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

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.989.2171

NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
AND
PROPOSED COMPLIANCE ORDER

UPS OVERNIGHT DELIVERY

November 19, 2014

Thomas Collier
Vice President, Performance Assurance & Asset Integrity
Buckeye Partners, LP
Five TEK Park
9999 Hamilton Boulevard
Breinigsville, PA 18031

CPF 1-2014-5007

Dear Mr. Collier:

From October 15, 2012 through April 10, 2014, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected Buckeye Partners, L.P.'s (Buckeye) hazardous liquid pipeline facility in the Linden, New Jersey area.

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

1. §195.428 Overpressure safety devices and overfill protection systems
(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Buckeye failed to test each overfill protection system, in accordance with §195.428(d), at intervals not exceeding 15 months, but at least once each calendar year to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Specifically, in twelve instances, Buckeye failed to test both the high and high-high level alarms on three tanks. PM (Preventive Maintenance) history records for testing the high level and the high-high level

alarms for tanks 119, 135 and 156 indicate that tests of the overfill protection devices were performed as follows: According to Buckeye's Linden Operations Manager, and correspondence with Buckeye via email:

a. Tank 119 was first placed into service on 1/21/2009.

   i. There were no tests performed on either the high level alarm or the high-high level alarm in 2010. Buckeye could not provide any work orders or other related documentation, and the PM history did not include records of any tests for 2010.

   ii. The first tests on both the high level alarm and the high-high level alarm, as noted in the records provided by Buckeye, were performed on 12/30/2011.

b. Tanks 135 and 156 were first placed into service on 6/29/2009.

   i. There were no tests performed on either the high level or the high-high level alarm in 2010 or 2011. Buckeye could not provide any work orders or other related documentation, and the PM history did not include records of any tests for 2010 or 2011.

   ii. The first tests, as noted in the records provided by Buckeye, were performed on 5/7/2012.

Buckeye stated that they identified a gap in their process and a Buckeye project manager presented a process that was under development to ensure that future inspections are not missed. Buckeye personnel could not provide records to show that the inspections in 2010 or 2011 were performed, and indicated that the preventative maintenance requirements for alarm inspections for tanks 119, 135 and 156 were not entered into Buckeye's computer system until 2012. Buckeye indicated that the new process was being designed to ensure inspections are being performed per the regulations.

2. §195.432 Inspection of in-service breakout tanks.

(a) . . .

(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to API Standard 653 (incorporated by reference, see § 195.3). However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under § 195.402(c)(3).

Buckeye failed to inspect the physical integrity of in-service atmospheric steel aboveground breakout tanks according to API Standard 653 (incorporated by reference, see § 195.3).

API Standard 653 Paragraph 6.3.1 Routine In-Service Inspections states:

a) 6.3.1.1: "The external condition of the tank shall be monitored by close visual inspection from the ground on a routine basis."
b) 6.3.1.2: "The interval of such inspections shall be consistent with conditions at the particular site, but shall not exceed one month.
c) 6.3.1.3: "This routine in-service inspection shall include a visual inspection of the tanks exterior surfaces. Evidence of leaks; shell distortions; signs of settlement; corrosion; and condition of the foundation, paint coatings, insulation systems, and appurtenances should be documented for follow-up action by an authorized inspector.

Buckeye procedures D-04: Aboveground Tanks (In-Service) issued: 9/2010 and F-37: Aboveground Tanks (In-Service) issued 9/2012 used for conducting the routine in-service tank inspections referenced in API Standard 653. For routine in-service inspections conducted monthly from January 2011 through August 2013, Buckeye failed to inspect the condition of the tanks exterior surfaces in accordance with API Standard 653, paragraph 6.3.1.3.

PHMSA reviewed monthly in-service inspection records from January 2011 through August 2013 and noted the following issues with the monthly in-service inspections.

1. In-service tank inspection form (Form B) was only partially filled out. For each of the 49 breakout tanks inspected at the Linden Facility, the columns titled "Mark if deficient (Yes or No)," "If deficiency is present, (yes), Send Notification to," and "comment" were not filled out for items 18 through 23. Items 18 through 23 provide for the inspection of appurtenances and insulation. Inspection of both appurtenances and insulation are required by API Standard 653 paragraph 6.3.1.3.
2. In-service tank inspection form (Form B) did not have any checklist "items to be inspected" related to the condition of tank paint coatings and no information about the condition of the tank paint coatings was recorded on any of the forms or other documentation. Inspection of the paint coatings is required by API Standard 653 paragraph 6.3.1.3 at intervals not exceeding one-month.

3. §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:	**Then the frequency of inspection is:**
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**

Buckeye failed to inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at least once every 3 calendar years, but with intervals not exceeding 39 months. Buckeye conducted an atmospheric corrosion inspection at the Flemington Pump Station near Linden, NJ on 6/23/2010. During that inspection, Buckeye failed to inspect the piping located in three valve pits.

On October 18, 2012, The PHMSA inspector reviewed the Flemington Pump "Station & Terminal Visual Inspection Form" dated 6/23/2010, conducted a field inspection of the station and noted that there were three valve pits at the pump station that did not appear on the inspection record.

a. At the time of the PHMSA inspection, the pits were full of water and the piping in the pits could not be seen through the grating on top of the pit since the pipe was covered with water.
b. The PHMSA inspector asked Buckeye to describe the piping configuration in the valve pits. Buckeye stated that they had removed three valves from the pits when the pump station was removed from service and that blind flanges and a welded spool were installed in place of the valves.
c. PHMSA created a sketch of what Buckeye described. The sketch shows the blind flanges that were installed in two of the pits and a welded spool was installed in the third pit. The blind flanges and the welded spool all see full line pressure.
d. PHMSA asked if the flanges and piping in the three pits had been inspected for atmospheric corrosion. Buckeye stated that inspections had not been performed.

4. § 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 §§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.

Buckeye did not maintain records of atmospheric corrosion inspections conducted on exposed pipe at pipeline facilities in the Linden and Newark, NJ areas as required by §195.583(a) in sufficient detail to

thoroughly demonstrate the adequacy of atmospheric corrosion control inspections and whether or not corrosion requiring control measures exists.

During the site visit in October 2012, PHMSA reviewed *Station & Terminal Visual Inspection Forms* for atmospheric corrosion inspections conducted in June 2010. PHMSA noted that the records were incomplete, had conflicting information and did not indicate the disposition of the deficiencies identified during the inspection. PHMSA asked if the deficiencies noted below were being tracked to ensure that they were evaluated and addressed. Buckeye indicated that they have painting projects identified and that the work noted on the Station & Terminal Visual Inspection Forms would be part of the painting project work. PHMSA asked for details of the painting projects. Buckeye provided the documents below, however, none of the items noted in the records reviewed were specifically addressed.

A. An undated Tank Paint list that Buckeye indicated was prepared by the Maintenance Pipeline Utility Man.
B. Painting project list
C. Tank painting recommendation

The following *Station & Terminal Visual Inspection Forms* and work orders were reviewed.

1. Station / Terminal: – Linden NJ

   Location: 620 Strainer Meter Run Suct / Disc Piping

   Date: Record was not dated

   a. The WO field was blank
   b. Condition of Aboveground piping indicated "Some chipping, blistering, or peeling of paint" and "Moderate to severe rust or pitting." There was no record of the disposition of these items.
   c. Riser condition indicated:
      i. Air-Ground interface coating damaged or disbonded.
      ii. No air-ground coating present
      iii. Minor rust but no pitting
      iv. All riser piping needs attention

      There was no record of the disposition of these items.

2. Station / Terminal: Newark Terminal

   Location – Filter vessels and piping.

   Date: 6/25/2010

   a. Condition of Aboveground piping indicated:
      i. Fading, chalking and thinning of paint
      ii. Some chipping, blistering, or peeling of paint
      iii. Moderate to severe rust or pitting

      There was no record of the disposition of these items.
   b. Riser condition indicated "Air-Ground interface coating damaged or disbonded." There was no record of the disposition of this item.
   c. Work Order # 649037 was noted on the *Station & Terminal Visual Inspection Form* for the Newark Terminal Filter vessels and piping inspection. The Work Order had a start date of 4/2/2010 and a completion date of 6/25/2010. The Work Order was closed with a note indicating "Follow-up not required" even though the notes on the *Station & Terminal Visual Inspection Form* identified atmospheric corrosion issues.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed $200,000 per violation per day the violation persists up to a maximum of $2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed $100,000 per violation per day, with a maximum penalty not to exceed $1,000,000 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 $198,700 as follows:

Item number	PENALTY
1	$77,700
2	$57,600
3	$43,200
4	$20,200

Proposed Compliance Order

With respect to items 2, 3 and 4 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Buckeye. 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). 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.

Please submit all correspondence in this matter to Byron Coy, PE, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, W. Trenton, NJ 08628. Please refer to **CPF 1-2014-5007** on each document you submit, and please whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to Byron.Coy@dot.gov. Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

Sincerely,

Byron Coy, PE
Director, Eastern
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 Buckeye Partners, L.P.'s (Buckeye) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Buckeye with the pipeline safety regulations:

1. In regard to Notice Letter Item 2 pertaining to Buckeye's failure to inspect the condition of paint coatings and appurtenances in accordance with API Standard 653 paragraph 6.3.1.3:
   a. Buckeye shall review their tank inspection procedures and revise them to address the requirements of API Standard 653. Specific attention should be given to:
      i. Identifying and defining the roles and responsibilities of the all personnel involved in the process.
      ii. Ensuring that the disposition of all recommended repairs and monitoring is documented in writing and that reasons are given if recommended actions are delayed or deemed unnecessary.
      iii. Defining actions required when field conditions prevent the inspection of any item on the checklists. e.g. the Chime covered with soil or water.
   b. For all Breakout Tanks at the Linden Station, Buckeye shall conduct routine in-service inspections and remediate as necessary in accordance with the procedures modified in PCO Item 1.a.
   c. The routine in-service inspections must be completed within **90 days** of the Final Order.
2. In regard Notice Letter Item Number 3 pertaining to atmospheric corrosion control, Buckeye must:
   a. Inspect the piping in the valve pits at the Flemington, NJ pump station.
   b. Evaluate the piping to ensure that pipe integrity is suitable for the maximum operating pressure of the pipeline.
   c. Inspect, clean and coat (as necessary) the piping according to 49 CFR Part 195 and Buckeye's procedures.
   d. This is to be accomplished within **60 days** of the Final Order.
3. In regard Notice Letter Item Number 4 pertaining Buckeye's failure to include sufficient detail in its corrosion control procedures on how to give particular attention to pipe at soil-to-air interfaces in accordance with §195.583(b). Buckeye must:
   a. Amend its corrosion control procedures to give detailed instructions for inspections of pipeline or portion of pipeline that is exposed to the atmosphere, and particularly include pipe that is just below grade at soil-to air interfaces. Specifically:
      i. The procedures must provide a methodology for assessing the integrity of the underground portion of the soil-to-air interface when the visual inspection of the aboveground portion indicates bare pipe or damaged or disbonded coating.
      ii. The procedure must include guidance for grading the severity of atmospheric or galvanic corrosion. In form B of Buckeye Corrosion Manual Procedure A-04: Visual Pipe Inspection (CFR Title 49: Parts 195.569, 195.581(c), 195.583(a), 195.583(c)) revised 9/2013, the terms "minor", "moderate", and "severe" are used to describe rust or pitting for the condition of aboveground piping, risers and pipe supports, however, there are no measurement parameters for the corrosion technician to distinguish between them in order to properly classify

corrosion severity. The procedure must provide measurement parameters for these terms and the appropriate remedial actions and timelines should be specified to address the severity ratings.

b. Inspect all of the soil-to-air interfaces in the Linden, NJ facility, in accordance with the amended procedures that have not been inspected within the time described in the regulations. This is to be accomplished within **180 days** of the Final Order.

c. Clean and coat the piping as necessary according to 49 CFR Part 195 and Buckeye's associated procedures.

4. Buckeye must complete the requirements outlined as outlined above. All documentation demonstrating compliance with each of the items outlined in this order must be submitted to Byron Coy, Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration, Suite 103, Bear Tavern Road, West Trenton, NJ 08628 for review.

5. It is requested (not mandated) that Buckeye maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Byron Coy, Director, Eastern 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.