genesisenergy

April 18, 2012

Mr. Wayne Lemoi
Director, Southern Region, PHMSA
Pipeline and Hazardous Materials Safety Administration
233 Peachtree Street NE, Suite 600
Atlanta, GA 30303

RE: CPF 2-2012-6006W
Genesis Pipeline Alabama, LLC (Genesis) Audit, February 13-16, 2012
Response to Warning Letter, March 20, 2012

FedEx Tracking No: **793470268679**

Dear Mr. Lemoi:

On February 13-16, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) conducted an inspection of the Genesis Pipeline Alabama, LLC (Genesis-AL) Castleberry Pipeline's written operations and maintenance (O&M) procedures, records, and facilities. As a result of the inspection, alleged probable violations were identified relative to 49 CFR 195.222, 195.305, and 195.442.

In response, Genesis-AL is proposing five (5) amendments to the *Genesis Energy Liquid and CO_2 Operations, Maintenance, and Emergency Procedures Manual* (LOM&E), *Operator Qualification Plan*, and *Public Awareness Plan* as outlined below.

Warning Letter, Item #1, Genesis Energy LOM&E Manual, Section 2.15, *Welding*:

Documentation

All welding projects must be documented. Documentation must be kept for the life of the pipeline and includes:

Qualified welding procedure with coupon test results
- Welder qualification (coupon test or radiography results)
- Location and total number of:
  - Girth welds
  - Welds nondestructively tested

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- Rejected welds with disposition of each rejected weld

- Written procedure for nondestructive testing

- Certification of nondestructive testing personnel

See the Forms Section of the Construction and Maintenance Specification and Material Specification Manual for testing and qualifying welding procedures forms.

Electronic records are considered the best method for storing employee qualification information but in some instances physical records may be required. In the event that physical records are needed, they may be maintained at:

- Various field locations

- Headquarters

- Offsite storage

All records will be maintained in a manner so as to ensure their security and safe keeping.

Warning Letter, Item #1, Genesis Energy, Operator Qualification Plan, Section 9, *Recordkeeping*:

9.0 RECORD KEEPING

The records maintained in the ISNetworld database and our hardcopy files include: Identification of the qualified individuals, listings of the tasks they are qualified to perform, dates of current qualifications, and method(s) of qualification.

Records are kept of prior qualifications and records of individuals no longer performing covered tasks for at least 5 years. Records of Company and contract personnel currently and previously (5 years) performing covered tasks are kept primarily in the ISNetworld database, and hardcopy backup files are kept by the OQ Administrator.

Genesis primarily relies on the ISNetworld database for recordkeeping, however it is the responsibility of each employee to ensure that his/her records within the system are accurate and up-to-date. Employees should contact the Operator Qualification Specialist in the event that the records are inaccurate or incomplete. ISNetworld periodically backs up the database. Additionally, we keep hardcopy files of Genesis OQ qualification records for our personnel.

Warning Letter, Item #2, Genesis Energy, LOM&E Manual, Section 2.14, *Design and Construction*:

Design and Construction

- All replacement pipe must meet the requirements in 49 CFR 195.112 (new pipe) or 195.114 (used pipe).
- All replaced pipeline components must comply with the requirements listed in DOT 195.101.

Important Point: The length of replacement pipe must not be less than one-half the diameter of the pipe to be repaired. It is recommended that the length of replacement pipe not be less than 1.5 pipe diameters. [ASME B31.4-451.6.2(b) (1)]

Important Point: When pipe or pipeline components are replaced, the entire line section must be retrofitted to accommodate the passage of an instrumented internal inspection device. This does not apply to:

- Manifolds
- Piping at pump stations, meter stations, pressure reducing stations, and tank farms
- Crossovers
- Sizes of pipe for which an instrumented internal inspection device is not commercially available
- Offshore pipelines less than 10 inches in diameter that deliver to onshore facilities [195.120]

Other than for the exemptions listed in § Part 195.120(b), each new pipeline and each line section of a pipeline where the line pipe, valves, fitting, or other line component is replaced must be designed and constructed to accommodate the passage of instrumented internal inspection devices.

Preparation of equipment for maintenance, permits, lockout/tagout and isolation list will be performed as prescribed in the HSSE Procedure Manual. All components must meet the standard for new construction as set forth in the DOT regulations and applicable engineering standards.

Response planning for repair shall include the necessary equipment, trained personnel aware of and familiar with the hazards to public and personnel safety, and appropriate repair materials.

All pipe that is to be used for repair must be marked showing the pipe grade, wall thickness, seam type, test pressure and the manufacturer or it must be identifiable with inventory records or material transportation record (MTR) that show that information. All installed pipe must be coated and cathodically protected in accordance with Section 2.19.

No valve, pipe or fitting shall be used for repair or replacement in the pipeline facilities, unless it is designed, constructed, and tested as required in Title 49 CFR, Part 195 and Section 2.17.

The pipe used as replacement pipe in repairs made to a pipeline system must have been hydrostatically tested with water in accordance with Pipeline Integrity Testing, Section 2.17.

All repairs to the pipeline system that involve replacement of any line pipe, valves, flanges, fittings, or other pipeline components will be constructed to allow passage of internal inspection devices (pigs) for each "Line Section".

A "Line Section" is defined as a continuous run of pipe between:

- Adjacent pressure pump stations;
- A pressure pump station and terminal or breakout tanks;
- A pressure pump station and a block valve; or
- Adjacent block valves.

Temporary repairs made necessary to protect the public and for operating purposes shall be made in a safe manner. Such temporary repairs shall be made permanent or replaced in a permanent manner as soon as practical.

If it is determined that an emergency situation exists or deadlines for construction are approaching, then the repaired line section need not be constructed to allow for passage of an internal inspection device. If this occurs, a Company Representative will petition the Federal DOT for a finding of approval that construction to allow passage of an internal inspection device was impracticable. If the approval is denied, then modifications will be made to the repaired line section during the first year after the denial of exemption from enabling passage of an internal inspection device."

Warning Letter, Item #2, Genesis Energy, LOM&E Manual, Section 2.17, *When to Test*:

When to Test [§195.302]

The following pipeline systems must be tested (hazardous liquid, HVL, and CO_2 without leakage):

- All newly constructed pipeline systems, repaired, and/or reconfigured
- Any existing pipeline segment that is relocated, replaced, or changed in such a way that the structural integrity of the pipeline may be affected
- Existing pipeline systems that are hydrostatically tested in compliance with IMP.

Note: Except for pipe, if a single component is the only item being replaced or added to the pipeline system, the component does not need to be pressure tested if the manufacturer certifies that:

- The component was hydrostatically tested at the factory (gate, plug, ball, and check valves must be tested in accordance with API 6D, Section 5), or
- The component was manufactured under a quality control system that ensures that each component is at least equal in strength to a prototype that was tested at the factory [195.116, 195.304(b)]

Warning Letter, Item #3, Genesis Energy, Public Awareness Plan, Section 7.0, 8.0 and Appendix D:

Genesis Energy retrieved documentation identifying persons normally engaged in current excavation activities in addition to the supporting records for Conecuh County, Alabama for the calendar years 2010 and 2011.

Genesis Energy identifies persons engaged in excavation activities through the following processes:

- The identification of parties using SIC/NAICS lists
- Excavator lists from One-Call Centers
- The identification of parties based on local knowledge provided by field personnel
- The identification of parties through encroachment and dig-up investigations

Documentation supporting the current parties engaged in excavation activities, parties identified for the distribution of materials, invitations sent to excavators for face-to-face meetings, and the 2010/2011 sign-in sheets for Conecuh County, Alabama are all available for Agency review upon request.

Please see the attached copy of the amended section in our Alabama, Liquid OM&E Manual for your review. We appreciate the opportunity to work with PHMSA regarding the safe operation of our pipelines and trust this additional information satisfies your concerns.

If you have any questions or comments, please feel free to contact me directly at (713) 860-2542 or by e-mail at Jeff.Gifford@genlp.com.

Sincerely,

Jeffrey W. Gifford
Vice President, HSSE

Attachment