

**AMENDED NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

VIA ELECTRONIC MAIL TO: mlittle@colpipe.com; gfrazier@colpipe.com; dlangle@colpipe.com

July 9, 2024

Ms. Melanie Little
President, Chief Executive Officer
Colonial Pipeline Company
P.O. Box 1624
Alpharetta, GA 30009-9934

CPF 2-2024-011-NOPV

Dear Ms. Little:

From February 14, 2022 to February 17, 2023, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Colonial Pipeline Company's (Colonial) procedures, records, and facilities in New Jersey, Maryland, Texas, Georgia, Louisiana, North Carolina, Tennessee, Mississippi, South Carolina, Alabama, and New York.

As a result of the inspection, it is alleged that Colonial committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). This amended Notice replaces the Notice that was previously issued on June 18, 2024. The items inspected and the probable violations are:

- 1. § 195.571 What criteria must I use to determine the adequacy of cathodic protection?**

Cathodic protection required by this subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained paragraphs 6.2.2, 6.2.3, 6.2.4, 6.2.5 and 6.3 in NACE SP 0169 (incorporated by reference, see § 195.3).

Colonial failed to meet 49 C.F.R. § 195.571 because it did not demonstrate that it complied with applicable criteria for cathodic protection. Specifically, Colonial did not comply with the criteria and other considerations for cathodic protection as required in Paragraph 6.2.2 of NACE SP 0169, incorporated by reference per § 195.3.

During PHMSA's inspection, Colonial presented its 2019-2022 annual pipe-to-soil corrosion control survey records for facilities near the Port Arthur Products Junction and Herbert Pump Station. Section 6.2.2 of NACE SP 0169 prescribes the criteria by which adequate cathodic protection of a metallic piping system can be demonstrated. Colonial accepts either the -.850V or 100mV polarization criteria, as described in Section 6.2 of NACE SP 0169. The referenced NACE standard requires, "[a] minimum of 100mV of cathodic polarization between the structure surface and a stable reference electrode contacting the electrolyte" when relying on the 100mV polarization criteria. This necessitates a native pipe-to-soil reference measurement. No records presented to PHMSA included native a pipe-to-soil measurement, thus failing to demonstrate adequate implementation of the 100mV polarization criteria.

Furthermore, for use of the -.850V criteria, the referenced NACE standard requires that "voltage drops other than those across the structure-to-electrolyte boundary must be considered." Per Colonial records, voltage drops other than those across the structure-to-electrolyte boundary had only been considered and documented for the following:

- 105 of 1293 records at the Port Arthur Products Junction.
- 160 of 315 records at the Herbert Pump Station.

Colonial did not provide any explanation of how voltage drop in locations with no record was considered when relying on the -.850V criteria.

2. § 195.222 Welders and welding operators: Qualification of welders and welding operators.

(a)

(b) No welder or welding operator may weld with a welding process unless, within the preceding 6 calendar months, the welder or welding operator has -

(1) Engaged in welding with that process; and

(2) Had one weld tested and found acceptable under section 9 or Appendix A of API Std 1104 (incorporated by reference, see § 195.3).

Colonial failed to meet 49 C.F.R. § 195.222(b)(1) because it allowed a welder to perform a welding process when the welder did not engage in welding with that process within the preceding 6 months.

During PHMSA's inspection, Colonial presented continuity log records for welders working on the Project Kingfish Construction Project. PHMSA's review of the referenced logs revealed welds performed on September 30, 2013, November 21, 2013, and May 26, 2014,

with the same welder identified as having performed the September 2013 and May 2014 welds. Documentation of the November 2013 weld, however, did not identify the welder via name or by any other means. Consequently, Colonial was unable to confirm that the same welder completed all three referenced welds. The duration between the September 30, 2013, and May 26, 2014, welds was 7 months and 26 days, exceeding the 6-calendar month requirement. Colonial did provide documentation confirming that it had retested the welder on that welding process.

3. § 194.121 Response plan review and update procedures.

(a)

(b) If a new or different operating condition or information would substantially affect the implementation of a response plan, the operator must immediately modify its response plan to address such a change and, within 30 days of making such a change, submit the change to PHMSA. Examples of changes in operating conditions that would cause a significant change to an operator's response plan are:

(1)

(6) The qualified individual;

Colonial failed to meet 49 C.F.R. § 194.121(b)(6) because it did not immediately modify its response plan to address a new or different operating condition and submit the change to PHMSA within 30 days. Specifically, Colonial did not update its facility response plan with a new qualified individual.

During the inspection, PHMSA personnel reviewed Colonial's Southeast District Incident Command Plan (ICP). Section 1.6.1 of the Southeast District ICP identified the Primary Qualified Individual and Alternate Qualified Individual for each of Colonial's District Response Zones. At the time of PHMSA's inspection, the 2022 Southeast District ICP, dated May 5, 2022, listed the Northeast District's Primary Qualified Individual as an employee no longer with Colonial.

4. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to ensure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Colonial failed to meet 49 C.F.R. § 195.402(a) because it did not follow its manual of written procedures in conducting normal operations and maintenance activities. Specifically, Colonial did not perform a 10% partial valve operation for multiple valves as required by its procedures.

Colonial procedure, titled "Maintenance Procedure – Main-Lateral Line Valve Inspection," dated May 23, 2021, prescribed actions to be taken when performing a valve inspection. Section 1.1 of the referenced procedure requires "*the valve to be operated by opening or*

closing the valve 10% of travel if the valve is to be closed or opened more than 10% of travel.” At PHMSA’s request, Colonial personnel provided work orders documenting maintenance of several valves required per § 195.420. Each work order included a data entry line with the description “Travel Tested 10% (Yes, No).” On 94 valve inspections from 2019 to 2022, Colonial entered “N” in response to the travel testing, indicating that the travel test had not been completed.

At the time of PHMSA’s inspection, Colonial personnel stated that they did not perform the 10% partial operation due to the valves in question being cycled for regular operational purposes. Colonial personnel could not provide documentation that demonstrated when those valves were operated for regular operational purposes.

5. § 195.412 Inspection of rights-of-way and crossings under navigable waters.

(a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.

Colonial failed to meet 49 C.F.R. § 195.412(a) because it did not inspect the surface condition on or adjacent to each pipeline right-of-way using an appropriate means of traversing the right-of-way.

During a field inspection near Crotwell Road, northwest of Leesburg, Georgia, PHMSA personnel noticed a portion of the right-of-way that had tree canopy obstructing the right-of-way from an aerial view. Colonial uses aerial patrol exclusively in this area.

Colonial personnel stated that they had been in contact with the landowner and the landowner refused to remove the tree farm from the right-of-way. The obstructed aerial view of the pipeline prevents the aerial patrol pilot from adequately observing potential dead vegetation or leaking product during the required patrols.

6. § 195.573 What must I do to monitor external corrosion control?

(a)

(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	At least six times each calendar year, but with intervals not exceeding 2½ months.
Reverse current switch.	
Diode.	
Interference bond whose failure would jeopardize structural protection.	
Other interference bond	At least once each calendar year, but with intervals not exceeding 15 months.

Colonial failed to meet 49 C.F.R. § 195.573(c) because it did not electrically check for the proper performance of each rectifier at least six times each calendar year, but with intervals not exceeding 2 ½ months.

During its inspection, PHMSA reviewed records related to rectifier inspections in the Nashville area. PHMSA's review revealed that six of these rectifiers had been inspected with intervals exceeding 2 ½ months. The rectifiers and dates are as follows:

- Rectifier 0504709: 03/01/2019 to 06/27/2019 - 119 days (3 months, 27 days)
- Rectifier 0504393: 03/01/2019 to 06/26/2019 - 118 days (3 months, 26 days)
- Rectifier 0504170: 01/04/2019 to 06/25/2019 - 173 days (5 months, 22 days)
- Rectifier 0505424: 03/01/2019 to 07/03/2019 - 125 days (4 months, 3 days)
- Rectifier 0603382: 05/13/2019 to 12/17/2019 - 219 days (7 months, 5 days)
- Rectifier 0603411: 01/24/2019 to 04/23/2019 - 90 days (3 months)

Colonial acknowledged that there were instances in 2019 where rectifiers were not electrically checked for proper performance. Colonial stated that *“personnel and system inadequacies were identified during internal evaluations in 2020 and mitigative measures were completed in 2021.”*

7. § 195.452 Pipeline integrity management in high consequence areas.

(a)

(j) *What is a continual process of evaluation and assessment to maintain a pipeline's integrity?* -

(1)

(5) *Assessment methods.* An operator must assess the integrity of the line pipe by any of the following methods. The methods an operator selects to assess low frequency electric resistance welded pipe or lap welded pipe susceptible to longitudinal seam failure must be capable of assessing seam integrity and of detecting corrosion and deformation anomalies.

(i) *In-Line Inspection tool or tools capable of detecting corrosion and deformation anomalies, including dents, gouges, and grooves.* For pipeline segments that are susceptible to cracks (pipe body and weld seams), an operator must use an in-line inspection tool or tools capable of detecting crack anomalies. When performing an assessment using an In-Line Inspection tool, an operator must comply with § 195.591;

Colonial failed to meet 49 C.F.R. § 195.452(j)(5)(i) because it did not meet the regulatory requirements for conducting an In-Line Inspection (ILI) as a means of assessing the integrity of line pipe. Specifically, Colonial failed to ensure that ILI analysts had sufficient records demonstrating compliance with the training recommendations of the ANSI/ASNT ILI-PQ standard, as required by § 195.591.

On August 6, 2020, Colonial contracted an ILI vendor to complete an Ultrasonic Testing (UT) wall thickness ILI run on Line 576-04 from Hartsfield West Junction to Airport in Atlanta, Georgia. After completion of the run, two individuals at the vendor performed an analysis of the data to determine if any anomalies were present in Line 576-04. The

individuals were listed as a Level II and Level III analyst, respectively. Records of their education, experience, and training revealed the following deficiencies:

- Level II Analyst: At the time of the inspection, this individual had 141 hours of training documented. The ANSI/ASNT ILI-PQ standard recommends a minimum of 160 training hours for a UT Compression Wave Level II analyst.
- Level III Analyst: At the time of the inspection, this individual had 496 hours of training documented. The ANSI/ASNT ILI-PQ standard recommends a minimum of 500 training hours for a UT Compression Wave Level II analyst.

Furthermore, Colonial does not maintain the qualification records for ILI analysts. Colonial relies on the ILI Vendor to maintain qualification records and will contact the vendor as necessary to obtain the record. Operators are required to maintain records that demonstrate compliance with Subpart F, pursuant to § 195.452(l).

8. § 195.414 Inspections of pipelines in areas affected by extreme weather and natural disasters.

(a) General. Following an extreme weather event or natural disaster that has the likelihood of damage to infrastructure by the scouring or movement of the soil surrounding the pipeline, such as a named tropical storm or hurricane; a flood that exceeds the river, shoreline, or creek high-water banks in the area of the pipeline; a landslide in the area of the pipeline; or an earthquake in the area of the pipeline, an operator must inspect all potentially affected pipeline facilities to detect conditions that could adversely affect the safe operation of that pipeline.

Colonial failed to meet 49 C.F.R. § 195.414(a) because it could not provide documentation to support that it had inspected all potentially affected pipeline facilities to detect conditions that could adversely affect the safe operation of that pipeline following an extreme weather event.

When asked by PHMSA, Colonial personnel could not provide pre- or post-storm documentation for Hurricane Ian. Hurricane Ian made landfall near Georgetown, South Carolina, on September 30, 2022, as a Category 1 Hurricane. Colonial personnel stated that ground and aerial patrols were conducted, but Colonial could not provide documentation for those patrols.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$266,015 per violation per day the violation persists, up to a maximum of \$2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023, and before December 28, 2023, the maximum penalty may not exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022, and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021, and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation

occurring on or after January 11, 2021, and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019, and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018, and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679.

We have reviewed the circumstances and supporting documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of \$ 52,800 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$ 52,800

Warning Items

With respect to Items 2,3,4,5,6,7, and 8, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct these items. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to Item 1 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Colonial Pipeline Company. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

This amended Notice is issued in accordance with 49 C.F.R. § 190.207(c). Any response you may have submitted to the original Notice is no longer applicable. You must respond as set forth below.

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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 you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 2-2024-011-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

James A. Urisko
Director, Southern Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Colonial Pipeline Company (Colonial) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Colonial with the pipeline safety regulations:

A. In regard to Item 1 of the Notice pertaining to Colonial's failure to demonstrate that it met applicable criteria in Paragraph 6.2.2 of NACE SP 0169:

1. Colonial must revise its written plans and procedures to incorporate the criteria described in Paragraph 6.2.2 of the NACE SP 0169 standard. Specifically, revised procedures must account for voltage drop in order to demonstrate that Colonial has met the requirements of the -0.850V and/or 100mV criteria. Colonial must submit its revised written plans and procedures to the Director, PHMSA's Office of Pipeline Safety (OPS), Southern Region (Director), within **30** days of receipt of the Final Order for approval.
2. Colonial must apply its approved procedure and conduct pipe-to-soil surveys at the Port Arthur Products Junction and the Herbert Pump Station. The results of this survey must be submitted to the Director within **60** days of receipt of the written plans and procedures approval.
3. If any deficiencies are noted during the survey described above, where the criteria described in Paragraph 6.2.2 of the NACE SP 0169 standard and/or Colonial's approved procedures are not met, Colonial must submit an Action Plan to correct the deficiencies for approval to the Director within **90** days of receipt of the written plans and procedures approval. The Action Plan must include a time-to-completion for any required actions.
4. Colonial must submit the results of the Action Plan to the Director within **10** days of its completion in accordance with the approved time-to-completion. The results of the Action Plan must include a post-action pipe-to-soil survey of the deficient areas that demonstrate Colonial has met the requirements of Paragraph 6.2.2 of the NACE SP 0169 standard and/or Colonial's approved procedures.

B. It is requested that Colonial maintain documentation of the safety improvement cost associated with fulfilling this Compliance Order and submit the total to the Director. 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.