

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

VIA ELECTRONIC MAIL TO: stan.horton@bwpipelines.com and
tina.baker@bwpipelines.com

December 22, 2021

Stanley C. Horton
CEO Boardwalk Pipelines
Gulf South Pipeline Company, LLC
9 Greenway Plaza, Suite 2800
Houston, TX 77066

CPF 3-2021-073-NOPV

Dear Mr. Horton:

From February 5, 2020 through February 9, 2021, a representative 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 your natural gas pipeline facilities of your subsidiary, Gulf South Pipeline Company, LLC, (Gulf South or Operator) in Louisiana and Texas.

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

1. **§ 192.201 Required capacity of pressure relieving and limiting stations.**
 - (a) **Each pressure relief station or pressure limiting station or group of those stations installed to protect a pipeline must have enough capacity, and must be set to operate, to insure the following:**
 - (1)
 - (2) **In pipelines other than a low pressure distribution system:**
 - (i) **If the maximum allowable operating pressure is 60 p.s.i. (414 kPa) gage or more, the pressure may not exceed the maximum allowable operating pressure plus 10 percent, or the pressure that produces a hoop stress of 75 percent of SMYS, whichever is lower;**

Gulf South failed to set its pressure limiting devices to operate at a pressure that would not exceed MAOP plus ten percent in the connecting pipe between the regulator and the relief valve at its Gary meter station. During the inspection PHMSA requested a review of relief device set points for meter stations, including accurate calculation for relief capacity. Gulf South subsequently provided calculations showing that the Gary meter station overpressure set point was not in compliance with the regulations. At the time of the inspection the MAOP for this location was 175 psig with a calculated build up pressure in the connecting pipe of 50.28 psig in during a potential pressure relief event (128% MAOP). Considering the buildup pressure, the MAOP set point may not exceed 142.22 psig to prevent overpressure during pressure relief events. Gulf South's relief set point of 175 psig was therefore not set to insure operation of the pipeline within the MAOP plus 10 percent, and was in violation of the regulation.

2. **§ 192.605 Procedural manual for operations, maintenance, and emergencies.**
 - (a)
 - (b) ***Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.**
 - (1)
 - (8) **Periodically reviewing the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying the procedures when deficiencies are found.**

Gulf South failed to determine the effectiveness and adequacy of its procedures based on a review of work performed during normal operations by its personnel. During the inspection PHMSA requested to review documentation relating to review of work performed for various procedures as required by Texas Gas procedure *O&M Section 1010 "General Procedures"*. In response Gulf South submitted Form 1000-20: *Compliance Manual Effectiveness Review* from the annual review for 2017, 2018, and 2019, however, the forms failed to document any assessment of work performed as part of the operations and maintenance procedures. Gulf South was therefore unable to present adequate information showing that it had periodically reviewed its procedures for effectiveness based consideration of the work performed by its personnel, and is in violation of the regulation.

3. **§ 192.706 Transmission lines: Leakage surveys.**
Leakage surveys of a transmission line must be conducted at intervals not exceeding 15 months, but at least once each calendar year. However, in the case of a transmission line which transports gas in conformity with § 192.625 without an odor or odorant, leakage surveys using leak detector equipment must be conducted-
(a) In Class 3 locations, at intervals not exceeding 7 1/2 months, but at least twice each calendar year;

Gulf South failed to conduct leakage surveys on Class 3 transmission lines that transported gas without an odor or odorant using leak detector equipment. During the inspection PHMSA observed Gulf South personnel using improper leak detectors for leakage surveys. Per PHMSA's request, Gulf South subsequently provided records of three separate devices that were in use that were not designed for detecting leaks from underground pipe. From a review of manufacturer design specifications for these detectors, PHMSA found that these devices were designed for detection of leaks in above-ground pipe.

From 2017 to 2020 the following improper detectors were used: Bacharach Leakator 10, TIF 8800X, and Sensit TKX. These instruments were found to have been used in the following Gulf South locations: Westlake, West Monroe, Sterlington, and Lafayette LA. Accordingly, the leakage surveys at these locations were inadequate and Gulf South is therefore in violation of the regulation.

4. **§ 192.947 What records must an operator keep?**
An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At minimum, an operator must maintain the following records for review during an inspection.
(a)
(d) Documents to support any decision, analysis and process developed and used to implement and evaluate each element of the baseline assessment plan and integrity management program. Documents include those developed and used in support of any identification, calculation, amendment, modification, justification, deviation and determination made, and any action taken to implement and evaluate any of the program elements;

Gulf South failed to maintain records that justify the decision made to accept the ILI tool run "Index 8-18 Tyler to Lindale." PHMSA reviewed Gulf South's IMP Appendix 4 Section 12.2, which requires the manager of ILI Technology and Analytics to determine if Gulf South's vendor is to resubmit the ILI data when severe discrepancies exist. However, from a review of the document entitled, "ILI Summary – Index 8-18 Tyler to Lindale Final", PHMSA identified that there were severe discrepancies between the depth of corrosion defects predicted by the vendor ILI tool and the actual depth found by direct examination in the field. The verified depth of corrosion defects exceeded the predicted depth by as much as 46 percent of pipe wall

thickness. Gulf South did not provide a documented resubmission of the vendor's data, nor a documented justification for not requiring the vendor to resubmit the data, as required by its own procedure and the regulation.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

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 \$131,800 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$32,100
3	\$99,700

Warning Items

With respect to Item 4, 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 this item. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to items 1, 2 and 3 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Gulf South Pipeline Company, LLC. 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 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 3-2021-073-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Gregory A. Ochs
Director, Central 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 Gulf South Pipeline Company, LLC (Gulf South) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Gulf South Pipeline Company, LLC with the pipeline safety regulations:

- A. In regard to item 1 of the Notice pertaining to required capacity of pressure relieving and limiting stations, Gulf South must continue with the program already submitted to Central Region on June 8, 2020. Quarterly updates will be submitted to the Director until the program is successfully completed.
- B. In regard to Item 2 of the Notice pertaining to failure to review work performed by personnel, Gulf South must provide a detailed written procedure to address the periodic review of work done to determine the effectiveness of its normal operations and maintenance procedures. The revised procedure must prescribe the necessary frequency and documentation required for a complete review of all normal maintenance and operations procedures within a reasonable time period. Respondent must submit the written program to the Director within 90 days of the issuance of the Final Order and provide semi-annual reports to the Director on the results of the revised program until completion of the review of all procedures in the time prescribed by the procedure.
- C. In regard to Item 3 of the Notice pertaining to the adequacy of equipment used to perform leakage surveys, Gulf South must, within 90 days of receipt of the Final Order, perform an adequate leakage survey at all sites identified in the Notice and report the results to the Director, PHMSA Central Region. The report must specifically include the grade of all leaks discovered by the survey.
- D. It is requested that Gulf South maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Gregory Ochs, Director, Central 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.