WARNING LETTER

VIA ELECTRONIC MAIL TO: Matthew.Ramsey@energytransfer.com; Gregory.Mcilwain@energytransfer.com; Eric.Amundsen@energytransfer.com; Todd.Nardozzi@energytransfer.com

November 30, 2021

Matt Ramsey
Chief Operating Officer
Energy Transfer
8111 Westchester
Dallas, TX 75225

CPF 3-2021-094-WL

Dear Mr. Ramsey:

From February 24th, 2020 to February 25th , 2021 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your Sunoco Pipeline L.P. (Sunoco's) Millenium Pipeline, Corsicana Area Pipelines , West Texas Gulf System #2 and West Texas Gulf System #1 Pipelines from Midland to Nederland, Texas.

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

1. **§ 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 above-ground breakout tanks according to API Std 653 (except section 6.4.3, *Alternative Internal Inspection Interval*) (incorporated by reference, *see* § 195.3). However, if structural conditions prevent access to the tank bottom, its integrity may be assessed according to a plan included in the operations and maintenance manual under § 195.402(c)(3). The risk-based internal inspection procedures in API Std 653, section 6.4.3 cannot be used to determine the internal inspection interval.

Sunoco failed to perform an internal inspection of breakout tank #2694 at their Corsicana facility within the maximum interval of 10 years as prescribed by API 653, incorporated by reference in § 195.432(b). Section 6.4.2.2 of API 653 states as follows: "when corrosion rates are not known and similar service experience is not available to estimate the bottom plate minimum thickness at the next inspection, the internal inspection interval shall not exceed 10 years."

The last API 653 out-of-service (OOS) internal inspection on tank #2694 was performed in 2006. Per Sunoco Logistics Tank Maintenance Report dated 6/17/2011, the entire floor of tank 2694 was replaced in December of 2006. The report recommended the next out-of-service inspection to be performed in 2029. The re-inspection interval justification was based on the prediction of zero corrosion rates for both the top side and bottom side of the new floor due to the installation of an internal tank coating and cathodic protection for corrosion protection of the exterior bottom floor. The next internal inspection was scheduled for 2025. The tank re-inspection interval should have been re-established at a maximum of 10 years, or 12/2016 since the actual corrosion rate is unknown.

Sunoco removed tank #2694 from service on 3/8/21 for cleaning and API 653 internal inspection. The final inspection report, prepared by Sunoco's consultant, recommended a re-inspection interval of 20 years or the life of the coating if all required tank bottom repairs were performed. Per Energy Transfer's Checklist for Out-of-Service Tank Inspections for tank #2694 the repairs were completed. Accordingly, Sunoco has reset the re-inspection intervals to April 2026 for the next external inspection and April 2041 for the next out-of-service inspection.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed $200,000 per violation per day, with a maximum penalty not to exceed $2,000,000 for a related series of violations. 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 correct the item(s) identified in this letter. Failure to do so will result in Sunoco Pipeline being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to CPF 3-2021-071-WL. 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).

Sincerely,

Gregory Ochs
Director, Central, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: Gregory Mcilwain, Senior VP Liquids Operations, Gregory.Mcilwain@energytransfer.com
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