

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

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

August 22, 2022

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

CPF 3-2022-053-NOPV

Dear Mr. Horton:

From May 24, through November 8, 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 Gulf South Pipeline Company, LLC's ("Gulf South" or "Operator") natural gas pipeline facilities in Louisiana, Mississippi, Alabama, Oklahoma, Florida, 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. § 191.23 Reporting safety-related conditions.**
 - (a) Except as provided in paragraph (b) of this section, each operator shall report in accordance with § 191.25 the existence of any of the following safety-related conditions involving facilities in service:**
 - (1)**
 - (5) Any material defect or physical damage that impairs the serviceability of a pipeline that operates at a hoop stress of 20% or more of its specified minimum yield strength, or the serviceability or the structural integrity of a UNGSF.**

Gulf South failed to report four safety-related conditions between March 2018 and December 2020, in accordance with § 191.25 and its "Event Response Plan" Table 3-1. From a review of records,

PHMSA found that Gulf South failed to report the following safety-related conditions that were required to be filed because they met the threshold reporting requirements under § 191.23(a)(1)(5) due to physical damage that impaired the serviceability of its pipelines:

- A dent with metal loss on Index 381 pipeline, discovered on May 16, 2018 and repaired on April 16, 2019;
- A dent with metal loss on Index 381 pipeline, discovered on May 16, 2018 and repaired on March 26, 2019;
- A dent with metal loss on Index 301-8-10 pipeline, discovered on October 31, 2019 and repaired on November 22, 2019;
- An indication of metal loss with 80 percent predicted depth on its 301-4 pipeline, discovered on November 1, 2020 and repaired on December 18, 2020.

These conditions were not repaired or corrected within 10 days of discovery, which is the deadline to file a report under § 191.25 and, therefore, met the reporting requirements for a safety-related condition.

2. § 192.161 Supports and anchors.

(a)

(c) Each support or anchor on an exposed pipeline must be made of durable, noncombustible material and must be designed and installed as follows:

Gulf South failed to design and install each support on its exposed pipelines using durable, noncombustible materials. From observations during the field inspection, PHMSA identified an engineered span on Index 300-11 pipeline near Moss Point Town Border Station Number 1 that was constructed of wood. From a review of records provided after the inspection, it was found that this support had been modified in 1987 without replacing the wood components. The records also identified three additional locations with wooden supports on the Index 291 pipeline.

3. § 192.465 External corrosion control: Monitoring.

(a)

(c) Each reverse current switch, each diode, and each interference bond whose failure would jeopardize structure protection must be electrically checked for proper performance six times each calendar year, but with intervals not exceeding 2 1/2 months. Each other interference bond must be checked at least once each calendar year, but with intervals not exceeding 15 months.

Gulf South failed to electrically check for proper performance six times each calendar year, but with intervals not exceeding 2 1/2 months, an interference bond critical to providing structure protection at Mile Post 1.45 on the Index 2517-307 pipeline. From a review of cathodic protection records, PHMSA identified that Gulf South failed to check a critical interference bond at one location for proper performance at Mile Post 1.45 four times between calendar years 2019 and 2020.

Year	Date of last bond reading	Dates of failed bond reading attempts (due to flooding)	Start of noncompliance	Date of next successful bond reading	Number of days out of compliance
2019	12/6/2018	2/1/2019 4/4/2019 6/4/2019 8/1/2019	3/22/2019	10/2/2019	194 3 instances
2020	12/5/2019	2/3/2020 4/11/2020 5/11/2020	3/21/2020	6/4/2020	75 1 instance

4. § 192.465 External corrosion control: Monitoring.

(a)

(d) Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.

Gulf South failed to take prompt remedial action to correct deficiencies indicated by the corrosion control monitoring program on the Index 301-8 pipeline at the following three locations: (1) from rectifier 3396 to 3495; (2) from rectifier 3495 to 3496; and (3) from rectifier 3496 to 3497. Specifically, Gulf South failed to remediate areas of deficient electrical protection identified by a 2018 interrupted cathodic protection survey. The identified areas did not meet applicable criteria of cathodic protection as required by § 192.463. A timeline provided by Gulf South at the conclusion of the 2021 inspection identified that remedial actions had not yet been completed or proven effective to provide the required level of cathodic protection for over two years.

This violation is a repeat of violations found in CPF #4-2018-1001, Item # 3.

5. § 192.605 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Gulf South failed to follow its corrosion manual for corrosion control monitoring. Specifically, Gulf South failed to re-establish test point target potentials on the Index 301-8 pipeline. Gulf South's Corrosion Manual, Section 3.4.15.2 required target potentials to be reset anytime a significant adjustment to a rectifier occurred. However, after significant rectifier adjustments on 3/1/2019, and the installation of a new groundbed at rectifier # 3396 on 7/1/2019, Gulf South failed to reset test point targets.

6. **§ 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) **Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and subpart M of this part.**

Gulf South failed to follow § 192.739, and its “O & M Procedure 2050 – Regulator and Overpressure Protection”, which described how to properly inspect and test its overpressure protection equipment and how to document the results. During a review of records and field observations at its Jasper, Delhi, Mira, Paris, Sherman, Sterlington, and Vixen compressor stations, PHMSA found that Gulf South did not properly document maintenance of overpressure protection devices required for automatic overpressure shutdown as required by “Table 2050-01: Inspection and Testing of Regulation and Overpressure”. Gulf South’s procedures required that each station’s shutdown devices used for overpressure protection be documented on its “2000-40: OPP/Transmitter/Switch/PLC/Pilot/Relief Valve Test Form”. A review of the records and field observations at the above-referenced locations showed that “transmitter” type shutdown devices, which are used for overpressure protection, were missing from the inspection records at each station.

7. **§ 192.907 What must an operator do to implement this subpart?**
- (a) ***General.*** No later than December 17, 2004, an operator of a covered pipeline segment must develop and follow a written integrity management program that contains all the elements described in § 192.911 and that addresses the risks on each covered transmission pipeline segment. The initial integrity management program must consist, at a minimum, of a framework that describes the process for implementing each program element, how relevant decisions will be made and by whom, a time line for completing the work to implement the program element, and how information gained from experience will be continuously incorporated into the program. The framework will evolve into a more detailed and comprehensive program. An operator must make continual improvements to the program.

Gulf South failed to follow its written integrity procedure for “Direct Assessments SCCDA Plan Table 4-2: Crack Severity and Discrete (Site Specific) Mitigation” to properly evaluate cracks discovered during integrity assessment. During a review of integrity records, PHMSA found that the Index 130 pipeline at station 6556+69 had indications of cracking on July 22, 2020. Gulf South's Direct Assessments SCCDA Plan, Table 4-2 required that an Engineering Critical Assessment of the crack be conducted and documented. However, when asked for records of the crack assessment, Gulf South was unable to provide any such records.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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. 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 violation(s) and recommend that you be preliminarily assessed a civil penalty of \$90,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$45,200
3	\$20,700
4	\$24,800

Warning Items

With respect to Item 5 and 7, 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 2, 3, 4 and 6 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 attached 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 3-2022-053-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 2 of the Notice pertaining to combustible wood supports, Gulf South must, within **30** days of the issuance of the Final Order, submit a written plan to the Director, PHMSA Central Region for review and approval, outlining the replacement or remediation of the four wooden support structures identified during the inspection. Quarterly updates will be submitted to the Director of Central Region until the written plan is successfully completed.
- B. In regard to Item 3 of the Notice pertaining to the failure to check critical bond at Mile Post 1.45, Gulf South must, within **90** days of receipt of the Final Order, make modifications to the pipeline bond test station to ensure that it is accessible to be electrically checked for proper performance at intervals not exceeding 2 ½ months.
- C. In regard to Item 4 of the Notice pertaining to remedial action to correct corrosion deficiencies, Gulf South must:
 - i. Within **90** days of receipt of the Final Order, complete remedial actions to correct corrosion deficiencies within the segments identified in the notice.
 - ii. Within **120** days of receipt of the Final Order, submit to PHMSA records of all investigative digs and coating repairs, and any relevant electrical surveys confirming the effectiveness of the remedial actions required by (i) above in the segments identified in the notice.
- D. In regard to Item 6 of the Notice pertaining to shutdown device pressure transmitters, Gulf South must, within **90** days of receipt of the Final Order:
 - i. Revise its procedures to clearly define a “Shutdown Device” and submit the procedures to the Director, Central Region for review.
 - ii. Submit the Director, Central Region, a written plan to:
 - a. Perform a review of each facility identified in the notice to ensure that adequate overpressure protection devices are installed per revised procedures.
 - b. Provide training as necessary to personnel performing maintenance and testing tasks for pressure transmitters, in accordance with revised procedures.
 - c. Document the inspection and testing of all shutdown devices in conformance with the revised procedure and provide a copy of the testing records to the Director, Central Region for review.
 - iii. Provide quarterly reports to the Director, Central Region, documenting the progress of completion of the items above.

- E. 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.