



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

901 Locust Street, Suite 480
Kansas City, MO 64106

WARNING LETTER

VIA ELECTRONIC MAIL TO: richard_prior@tcenergy.com;
jessica_kirstine@tcenergy.com; tommy_mikalson@tcenergy.com

August 15, 2023

Richard Prior
President, Liquids Pipelines
TC Oil Pipeline Operations, Inc.
700 Louisiana Street, Suite 800
Houston, Texas 77002

CPF 3-2023-028-WL

Dear Mr. Prior:

From March 28, 2022 through August 16, 2022, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected TC Oil Pipeline Operations, Inc.'s (TC Oil) facilities and records in Oklahoma and Texas.

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

1. § 195.452 Pipeline integrity management in high consequence areas.

(a)

(g) *What is an information analysis?* In periodically evaluating the integrity of each pipeline segment (see paragraph (j) of this section), an operator must analyze all available information about the integrity of its entire pipeline and the consequences of a possible failure along the pipeline. Operators must continue to comply with the data integration elements specified in § 195.452(g) that were in effect on October 1, 2018, until October 1, 2022. Operators must begin to integrate all the data elements specified in this section starting October 1, 2020, with all attributes integrated by October 1, 2022. This analysis must:

(1) Integrate information and attributes about the pipeline that include, but are not limited to:

(i)

(viii) Data gathered through integrity assessments required under this section;

TC Oil failed to analyze all available information about the integrity of its entire pipeline and the consequences of a possible failure along the pipeline. Specifically, TC Oil failed to integrate information gathered through the 2021 baseline assessments for the NPS 20 USIC-4 Exxon Delivery and NPS 24 USIC-5 Shell Zydeco pipelines in Texas . Following the baseline integrity assessments the anomaly indications were not integrated into the probability for failure assessment.

2. § 195.452 Pipeline integrity management in high consequence areas.

(a)

(g) What is an information analysis? In periodically evaluating the integrity of each pipeline segment (see paragraph (j) of this section), an operator must analyze all available information about the integrity of its entire pipeline and the consequences of a possible failure along the pipeline. Operators must continue to comply with the data integration elements specified in § 195.452(g) that were in effect on October 1, 2018, until October 1, 2022. Operators must begin to integrate all the data elements specified in this section starting October 1, 2020, with all attributes integrated by October 1, 2022. This analysis must:

(1) Integrate information and attributes about the pipeline that include, but are not limited to:

(i.)

(xxi) Other pertinent information derived from operations and maintenance activities and any additional tests, inspections, surveys, patrols, or monitoring required under this part.

TC Oil failed to analyze all available information about the integrity of its entire pipeline and the consequences of a possible failure along the pipeline. Specifically, TC Oil failed to integrate information derived from operation and maintenance activities required under this part.

Following the incident investigation report findings of an April 14, 2019 maximum operating pressure (MOP) exceedance event during start-up in Cushing, Oklahoma. Subsequent to their investigation, TC Oil failed to take into account any increased likelihood of failure from the threat of overpressure in its risk analysis. By failing to integrate the incident investigation report findings into its risk analysis, TC Oil is in violation of 195.452(g)(1)(xxi). TC Oil has committed to a new algorithm in 2023 that will account for historical overpressure and equipment failure incidents to provide a more dynamic risk analysis of these threats.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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 \$2,391,142 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 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 TC Oil Pipeline Operations Inc. 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 3-2023-028-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 A. Ochs
Director, Central Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

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