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Sent Via Electronic Transmission

Mr. Gregory A. Ochs
Director, Central Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration
901 Locust Street, Suite 480
Kansas City, MO 64106

**Re: CPF 3-2024-056-NOPV
Enbridge Initial Response**

Dear Mr. Ochs:

From February 13 to July 27, 2023, 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 Express Holdings (USA), LLC's (Express Holdings) operations and maintenance records and operating qualification procedures in Superior, Wisconsin and Buffalo, Montana.

Following the 2023 inspection, Enbridge received a Notice of Probable Violation (NOPV) from PHMSA on October 25, 2024. Enbridge's responses to each alleged violation are set forth below.

1. § 195.264 Impoundment, protection against entry, normal/emergency venting or pressure/vacuum relief for aboveground breakout tanks.
 - (a)
 - (b) After October 2, 2000, compliance with paragraph (a) of this section requires the following for the aboveground breakout tanks specified:
 - (1) For tanks built to API Spec 12F, API Std 620, and others (such as API Std 650 (or its predecessor Standard 12C)), the installation of impoundment must be in accordance with the following sections of NFPA-30 (incorporated by reference, see § 195.3);
 - (i) Impoundment around a breakout tank must be installed in accordance with section 22.11.2;

Express Holdings failed to satisfy the requirements of section 22.11.2 of NFPA-30 (2012 edition) (incorporated by reference) regarding impoundment around breakout tanks. Section

22.11.2.6 of NFPA-30 (2012 edition) requires that "[e]ach diked area containing two or more tanks shall be subdivided, preferably by drainage channels or at least by intermediate dikes, in order to prevent minor spills from a tank from endangering adjacent tanks within the diked area."²

During PHMSA's field inspection of Express Holdings tanks 208, 209, and 210 at the Buffalo Tank Farm facility in Buffalo, Montana, PHMSA found that Express Holdings failed to subdivide the tanks' impoundment, and failed to have drainage channels or intermediate dikes installed between the tanks in accordance with the referenced standard and the regulation.

Express Holdings tanks 208, 209, and 210 were built to API Standard 650 after October 2, 2000. Thus, Express Holdings failed to provide adequate impoundment around breakout tanks, per the requirements of § 195.264(b).

Proposed Civil Penalty: \$37,200

PHMSA Proposed Compliance Order:

In regard to Item 1 of the Notice, pertaining to Express Holdings' failure to satisfy the requirements of section 22.11.2 of NFPA-30 (2012 edition) regarding the impoundment around breakout tanks, Express Holdings must:

- (i) Subdivide the tanks' impoundment areas by constructing either drainage channels or intermediate dikes, in accordance with NFPA 30, at the Buffalo, Montana, facility within 12 months of receipt of the Final Order.
- (ii) Submit to the Director, Central Region, evidence of remediated locations to demonstrate compliance with NFPA 30 within 12 months of the receipt of the Final Order.
- (iii) Send an update to the Gregory Ochs, Director, Central Region, PHMSA every 90 days of receipt the Final Order regarding the progress of the impoundment construction.

Enbridge Response (Item #1):

Enbridge acknowledges the findings and chooses Response Option #1 for the proposed penalty and the compliance order, not contesting the allegation.

Enbridge is committed to ensuring that the modifications are completed as described in the Proposed Compliance Order.

2. § 195.505 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(a) Identify covered tasks;

Express Holdings failed to identify the covered task of performing a shutdown of a liquid pipeline in the field, as required by § 195.505(a). Per § 195.501(b), a covered task, for the purpose of Subpart G, "is an activity, identified by the operator, that: (1) [i]s performed on a pipeline facility; (2) [i]s an operations or maintenance task; (3) [i]s performed as a requirement of this part; and (4) [a]ffects the operation or integrity of the pipeline." PHMSA's OQ Enforcement Guidance³ identifies shutting down a pipeline system as a covered task.

Enbridge's "Communications Failure – 'Terminal' Procedure for operation of the pipeline, used by Express Holdings, includes shutting down boosters or units, closing valves after confirming pumps are off and/or monitoring pressures, and reporting back to the Controllers as a part of manual operation/shutdown of the pipeline. This activity is performed on a pipeline facility, is an operations or maintenance task, is performed as a requirement of Part 195, and affects the operation or integrity of the pipeline; therefore, it is a covered task.

However, Appendix C of Enbridge Liquids Pipelines Operator Qualification Plan, “Enbridge Covered Tasks C.01, Enbridge LP Employee Covered Task List,”⁴ did not list performing shutdown of a liquid pipeline (field) as a covered task. Express Holding’s covered task lists in Appendix C only included one task for shutting down the pipeline, which was “Control Center: Shutdown of a Liquid Pipeline.” Operators cannot solely rely on controllers and the SCADA system to shutdown/operate a pipeline. If the Control Center suffers loss of communications or SCADA and cannot remotely control the pipeline (including shutdown of pumps and closing valves) field personnel must be trained and qualified to provide adequate means of manual operation of the pipeline safely as required by § 195.446(c)(3). Thus, Express Holdings failed to identify a covered task for manual shut down of its pipeline for operating a pipeline, and thus is in violation of § 195.505(a).

PHMSA Proposed Compliance Order:

In regard to Item 2 of the Notice, pertaining to Express Holdings’ failure to identify the covered task for performing a manual shutdown of a liquid pipeline, Express Holdings must:

- (i) Modify the operator qualification procedures to include the covered task of performing a shutdown of a liquid pipeline during manual operation within 30 days of the receipt of the Final Order.
- (ii) Train personnel on the new covered task and submit to the Director, Central Region, procedures and training records to demonstrate compliance with § 195.505(a) within 90 days of receipt of the Final Order.

Enbridge Response (Item #2):

Enbridge position that the proposed NOPV is not warranted, and that the proposed compliance order is not required.

For this item, Enbridge selects Response Option #3 - contest the proposed compliance order and allegations in writing. Enbridge requests an informal meeting with PHMSA Central Region staff to discuss this item and seek resolution.

Enbridge agrees that field workers who could reasonably be expected to participate in the shutdown of a liquid pipeline are required to be qualified to perform the field tasks associated with the shutdown of the pipeline if remote control of the asset is compromised. Prior to and during the inspection that took place between February 13 and July 27, 2023, Express Holdings field employees who met this operational expectation were required to be qualified to perform the following Enbridge tasks: Task 50 – Local Operation of Valves, and Task 95 – Local Operation of Pumps (Startup and Shutdown). Enbridge contends that these qualifications were adequate to prepare workers to execute Enbridge’s “Communication Failure – Terminal” Procedure, including performing the steps “shutting down boosters or units, closing valves after confirming pumps are off and/or monitoring pressures, and reporting back to the Controllers as part of manual operation/shutdown of the pipeline” that are itemized in the proposed NOPV. Enbridge has attached copies of Task 50, Task 95, and OMM Book 3 06-03-41 Locally Operate valves (which is referenced in Task 50) for PHMSA’s review and consideration.

Enbridge has amended the Enbridge LP Operator Qualification Plan to include Task 63.2 – Perform Shutdown of a Liquid Pipeline (Field). Prior to the inspection, Enbridge identified an opportunity to improve the efficacy of the Enbridge Operator Qualification plan to voluntarily align with the industry generic task list published in API RP 1161: “Recommended Practice for Pipeline Operator

Qualification”. The project was sanctioned in 2023 with the first batch of API-aligned tasks activated in August 2023. Task 63.2 – Perform Shutdown of a Liquid Pipeline (Field) was in plan for transition prior to the completion of the inspection and was fully implemented on November 21, 2023. Enbridge has attached a copy of Task 63.2 – Perform Shutdown of a Liquid Pipeline (Field) for PHMSA’s review and consideration.

Enbridge argues that the NOPV is not warranted because Express Holdings adequately identified Task 50 – Local Operation of Valves, and Task 95 – Local Operation of Pumps (Startup and Shutdown), to meet the requirement stipulated in PHMSA’s OQ Enforcement Guidance to “identify all applicable covered tasks as required by the operator qualification rule... [to] shutdown... a pipeline.”¹ Enbridge further contends that the corrective action order is not required because Enbridge had demonstrated a strong proactive safety culture prior to the inspection by aligning with API RP 1161 with plans to introduce 63.2 – Perform Shutdown of Liquid Pipeline (Field).

3. § 195.563 Which pipelines must have cathodic protection?

(a) Each buried or submerged pipeline that is constructed, relocated, replaced, or otherwise changed after the applicable date in § 195.401(c) must have cathodic protection. The cathodic protection must be in operation not later than 1 year after the pipeline is constructed, relocated, replaced, or otherwise changed, as applicable.

Express Holdings failed to ensure each buried pipeline that was constructed, relocated, replaced, or otherwise changed after the applicable date in § 195.401(c) had cathodic protection, per

§195.563(a). Specifically, Express Holdings failed to ensure that the steel pipeline segments that flow from pump station piping to the fiber glass overflow sump tanks at the Faulkners, Lost Cabin, Warren, Fish Creek, and Banjo pump stations were cathodically protected. The pump stations were constructed in 1996 and in 2005 and thus meet the applicable date specified in

§195.401(c).⁵ On November 22, 2023, Express Holdings stated in response to PHMSA’s 90-day report, “The line between the fiberglass sump tanks was identified as being a fiberglass line.

Upon further review it was determined that the line is coated steel and a magnesium anode is scheduled for installation to provide cathodic protection. The line information has been updated accordingly in the corrosion database.” Thus, Express failed to ensure each applicable s buried pipeline had cathodic protection, per § 195.563(a).

PHMSA Proposed Compliance Order

In regard to Item 3 of the Notice, pertaining to Express Holdings’ failure to ensure each buried pipeline had cathodic protection, Express Holdings must:

- (i) Design and install cathodic protection at the steel pipelines that connect to the fiberglass sump tanks at the Faulkners, Lost Cabin, Warren, Fish Creek, and Banjo and pump stations within 30 days of receipt of the Final Order.
- (ii) Submit to the Director, Central Region, evidence of remediated locations to demonstrate compliance with § 195.563(a), within 30 days of the receipt of the Final Order.

Enbridge Response (Item #3):

For this Item, Enbridge chooses Response Option #2 - not contesting the allegations, but providing an explanation relevant for modification of the proposed compliance order. It is requested that the associated Proposed Compliance Order (Item B), be extended from 30 days receipt of the Final Order to June 30, 2025, for sub items (i) and (ii).

Since the inspection, Enbridge has been actively engaged in testing and planning the remediation of the cited deficiencies in the Cathodic Protection System. To ensure the remediation aligns with seasonal site conditions, additional time is necessary. We anticipate completing the remediation of the Cathodic Protection System at all listed stations on steel sump lines connected to the fiberglass sump tanks by the requested deadline of June 30, 2025.

4. § 195.573 What must I do to monitor external corrosion control?

(a) *Protected pipelines.* You must do the following to determine whether cathodic protection required by this subpart complies with § 195.571:

(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.

Express Holdings failed to conduct tests on protected pipelines each calendar year in intervals that did not exceed 15 months, per the requirements of § 195.573(a)(1). Specifically, PHMSA reviewed Express Holding's cathodic protection monitoring records for the test points on the following pipeline right of way segments for the calendar years 2021, and 2022 that exceeded the regulatory testing interval:

Right of Way Code	Number of Test Points	Violation Day Ranges
L0040 02 QD-QB	65	5-30
L0040 04 QX-QK	42	2-78
EQ	20	14
ZK	21	38
ZT	11	12-14
FH	12	50
GV	21	49-50
KP	20	13
QX	43	33-34
VY	14	6
ZV	14	49
ZX	7	6
BFL	41	43-44
BFL-40A-201-TK	13	41-42
BFL-40A-202-TK	14	41-42
BFL-40A-205-TK	4	43

Right of Way Code	Number of Test Points	Violation Day Ranges
BFL-40A-206-TK	4	43
BFL-40A-207-TK	4	43
BFL-40A-208-TK	4	43
BFL-40A-209-TK	4	43
BFL-40A-210-TK	4	43

In summary, there were 382 instances of tests that were not performed in the 15 month interval for the calendar years 2021 and 2022.

Additionally, PHMSA found that breakout Tank 203 24" Inlet Pipe did not have a test conducted in calendar year 2021 to determine whether cathodic protection required by § 195.573(a)(1) complied with § 195.571. For calendar year 2020, three test points on Line 40 (Mile Posts 593.9980, 594.0131, and 645.1131) could not be physically located by the surveyor and were not tested. Thus, in these three ways, Express Holdings failed to conduct tests at the required intervals, in violation of § 195.573(a)(1).

PHMSA Proposed Civil Penalty: \$41,700

Enbridge Response (Item #4):

For this Item, Enbridge chooses Response Option #1 - not contesting the allegations or proposed civil penalty.

5. § 195.573 What must I do to monitor external corrosion control?

(a) ----

(e) Corrective action. You must correct any identified deficiency in corrosion control as required by § 195.401(b). However, if the deficiency involves a pipeline in an integrity management program under § 195.452, you must correct the deficiency as required by § 195.452(h).

Express Holdings failed to correct identified deficiencies in corrosion control as required by § 195.401(b). Specifically, PHMSA's records inspection determined that Express Holdings did not correct deficiencies within a reasonable time defined by the operator. According to its Enbridge procedure "External Corrosion Prevention Management Process, Table 1," once discovered, deficiencies should be conducted within 15 months from the date of discovery for polarized structure to electrolyte potentials less negative than -850 Millivolts (mV) does not meet the 100 mV criterion.⁶ Express Holdings found deficiencies at the following seven mileposts, however, they were not corrected within the required time frame.

ROW Code	ROW Name	Milepost
L0040 04 QX-QK	Edgar-Casper Pipeline-	622.5999

L0040 04 QX-QK	Edgar-Casper Pipeline-	713.1145
L0040 04 QX-QK	Edgar-Casper Pipeline-	749.123
L0040 04 QX-QK	Edgar-Casper Pipeline-	784.1562
L0040 04 QX-QK	Edgar-Casper Pipeline-	784.1862
KP	Kirby Creek Station	18
ZX	Lost Cabin Station	3

Therefore, at these seven mileposts, Express Holdings failed to correct identified deficiencies in corrosion control at the 15-month interval, per § 195.401(b).

PHMSA Proposed Civil Penalty: \$35,700

Enbridge Response (Item #5):

For this Item, Enbridge chooses Response Option #1 - not contesting the allegations or proposed civil penalty.

Should you have any questions or require further information please contact me.

Sincerely,



Jeff Cremin
Manager, US Liquid Pipeline Compliance