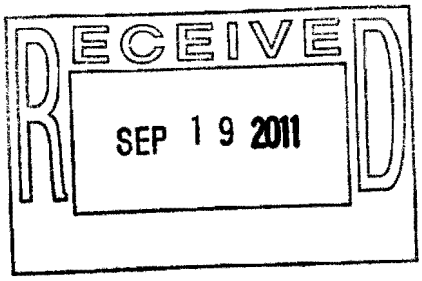
Centurion Pipeline L.P.

5 Greenway Plaza, Suite 110
Houston, Texas 77046
Phone (713) 215-7379 Fax (713) 350-4783

September 16, 2011

VIA FEDERAL EXPRESS

Pipeline and Hazardous Materials Safety Administration
Mr. R. M. Seely
Director, Southwest Region
8701 South Gessner, Suite 1110
Houston, TX 77074



Re: Centurion Pipeline L.P.
Response to Notice of Amendment of August 17, 2011
Matter CPF 4-2011-5014M

Dear Mr. Seely:

On behalf of Centurion Pipeline L.P., I have prepared this response to the above referenced Notice of Amendment. The Notice references an inspection conducted October 13 -15, 2010 in response to a storage tank mixer failure at Centurion's Slaughter Station near Snyder, TX, and lists three items alleging apparent inadequacies. Centurion extends its appreciation for PHMSA's review and comments, and believes that the resulting refinements in planning and procedures help achieve our mutual goals of improving protection of the public and the environment. The three items are discussed and the proposed resolutions are presented in the order of your listing.

Item 1(a) Centurion's procedure #P-195.402(d) "Handling Abnormal Conditions," is inadequate and must be revised to include the following:

(1) Clarify the commodity to which Centurion's procedures apply;
(2) Define "Significant Loss"; and
(3) Revise the procedure #P-195.402(d) to incorporate the changes being made to SCADA.

Response 1(a)(1)

Centurion has revised the Procedure # 195.402(d) by removing the word "gas" from the text. This revision was accomplished on April 29, 2011. Centurion reviewed all other listed procedures to identify any references to gas pipeline or gas transmission pipeline. No other instances were identified. The reference to "gas" was a typographical artifact. A copy of the revised procedure will be provided.

Response 1(a)(2)

In response to the PHMSA inspection, Centurion has implemented new SCADA system over/short reporting and alarms, and thus has added detailed guidance in this procedure for controllers to investigate any over/short alarms (a copy of this procedure is attached). In accordance with these internal changes, the term "Significant Loss" has been removed from the procedure.

Response (1)(a)(3)

Centurion has amended its procedure for Abnormal Operations, a copy of which you will find attached. Centurion previously outlined the duty to monitor over/short in its Normal Operations Procedure.

Item 2(a) Centurion must decide what method to document monthly inspection of external tank surface (utilizing Form F-195.432(b)M or work order system (Maximo); and ensure that the chosen method is incorporated in this procedure.

Response 2(a)

Centurion elects to use MAXIMO and will change its procedures to reflect accordingly. A copy of the revised procedure will be provided.

Item 3(e)(1) PHMSA's investigation resulted in a finding that Centurion's Emergency Response Plan ("ERP") is inadequate and:

(1) Centurion needs to ensure all references to RSPA in its emergency response plan to be replaced with PHMSA.
(2) Centurion needs to provide a definition of a "large spill."

Response 3(e)(1)(1)

Centurion reviewed its ERP and replaced references to RSPA with references to PHMSA where appropriate. Changes were made on pages xii, 7-2, 8-1, F – 1 and the Tabletop Form. The section that relates the history of the agency continues to note the original RSPA citation.

Response 3(e)(1)(2)

(1) Centurion is amending the section of its ERP that makes reference to "large spill" and is clarifying the circumstances under which the ICP is to be activated. The amended ERP will no longer contain the term "large spill." A copy of the relevant sections of the ERP will be provided by Centurion.

Centurion would appreciate an opportunity to meet with the Regional Director for the Southwest Region to ensure all of the Notice of Amendment items are thoroughly addressed. Please feel free to contact me at (713) 215-7711.

Sincerely,

William C. Boyer
President

Enclosures:
A copy of the revised procedure is provided as a demonstration

General Procedure – Abnormal Operations

In the event of an abnormal operating condition (AOC), it is the Operations Controller's responsibility to take immediate steps to respond to the AOC, investigate the cause of the AOC and ensure that corrective action is taken to resolve the AOC. Types of AOCs that require Controller response include but are not limited to:

- Unintended closure of valves or shutdowns
- Increase or decrease in pressure or flow rate outside of normal operating limits
- Loss of communications
- Operation of safety devices
- Component malfunction
- Deviation from normal operation
- Personnel error
- Abnormal tank movements/events

(Specific actions to take to correct these situations are described more fully at the end of this procedure).

The Operations Controller must notify the appropriate field personnel of the AOC, the AOC must be analyzed, and all data examined to determine the cause. The responsible personnel must repair, replace and adjust equipment or procedures to conform and comply with the design specifications for normal operations. Field personnel must notify the Operations Controller when repairs to the affected facility/equipment have been completed and the abnormal condition has ended.

After an abnormal operation has ended and normal operations have been resumed. The system must be closely monitored to ensure that the integrity has not been breached. Pressures, rates, over/shorts, equipment/alarm status and line conditions must be continuously monitored for a period of at least one hour after the abnormal condition has ended.

Periodically or as needed, supervisors should review the response of their personnel to ensure the effectiveness of the procedures controlling an abnormal condition. The review should include the following:

- Type of abnormal condition observed
- Initial response to abnormal condition
- Communication of abnormal condition to affected personnel
- Resolution method of abnormal condition
- Documentation of abnormal condition
- Confirmation that abnormal operating procedures were followed and adequate

After conducting a review of the abnormal condition and personnel's responses to the condition, if necessary, changes should be made to the procedures to ensure the procedures are effective. Changes should be forwarded to the person responsible for maintaining the DOT Procedures Manual and supervisors should work with personnel to provide additional training as needed to ensure they have an understanding of any procedures updates or changes. The person responsible for the DOT Procedures Manual should incorporate any procedure revisions in the next update.

Unintended Closure of Valves

There are various reasons that may cause an unintended valve closure such as equipment malfunction or human error. Regardless of the reason for the unintended valve closure, the following corrective action must be taken immediately by the Operations Controller to protect the safety and integrity of the system.

1. Immediately shutdown the system and if possible divert the flow upstream of the closed valve to avoid pressure buildup.

2. If the valve was inadvertently closed or a temporary malfunction initiated the close, as quickly as possible an attempt to reopen the valve should be made either remotely or locally.

3. If the valve was closed by a malfunction, contact appropriate field personnel to investigate and correct the problem.

4. Determine if the facility involved has problems such as electrical or mechanical alarms.

5. After personnel have determined the cause of the unintended closure and repairs have been completed, if the valve is still closed it can be reopened and normal operations on the system can be resumed.

Unintended Station Shutdowns

Unintended station shutdowns can result from a variety of reasons including power failures, equipment malfunctions and activation of safety devices. Regardless of the reason for the shutdown, the following corrective action should be taken immediately by the Operations Controller to prevent damage to the system:

1. Adjust stations/pumps upstream and downstream of the effected station as necessary to achieve a hydraulic balance on the system and minimize pressure surges.

2. If analysis of data from the SCADA System can determine the cause of the shutdown (e.g. power failure, temporary hydraulic imbalance) and the problem has resolved itself, then normal operations on the system can be resumed.

3. If the problem has not resolved itself contact appropriate field personnel to investigate and correct the malfunction.

4. Determine if the facility involved has problems such as electrical or mechanical alarms.

5. After the cause of the shutdown has been identified and repairs have been completed, the station can be restarted and normal operations on the system can be resumed.

Loss of Communications

A loss of communications that takes away the Operations Controller ability to remotely control and monitor pipeline operations requires caution and corrective actions to ensure a safe continued operation. Partial outages will not necessarily hinder a continued safe operation, provided that enough data from other locations is being received to monitor the status of the pipeline system. Total outages are more serious and require immediate notification to field personnel so that facilities can be shutdown or manned as necessary. Use the following guidelines for determining field notification procedures:

Partial Outage (station or facility)

1. If communications are lost at a station or facility that the Operations Controller deems to be of high importance for more than 60 minutes, the Operations Controller should notify field personnel of the outage. A decision will be made after consulting with personnel as to whether sufficient data is being received to continue operations or whether or not the station/facility should be manned or shutdown.

2. If the communications are lost at a facility that the Operations Controller feels is of low importance and information is available from other sites upstream and downstream of the affected location, the Operations Controller can wait until normal working hours to notify field personnel of the outage.

System Outage (multiple stations or complete systems)

1. If communications are lost at multiple key stations or there is a complete system outage and communications are not restored within 30 minutes, the Operations Controller should notify field personnel. After consulting with personnel, a decision will be made as to which systems need to be manned or shutdown by field personnel.

2. If field personnel are required to staff the facilities, they must report to the Operations Controller all pertinent operating information including pressures, tank gauges and meter readings. In addition, field personnel must perform all operating functions until communications are restored.

Operation of a Safety Device

The operation of a safety device at any station or facility indicates a problem that requires immediate action to ensure that potential damage to the effected location is minimized. In addition, particular care should be taken to ensure that the rest of the system is being operated in a safe manner and within all operational guidelines and parameters. The Operations Controller should use the following guidelines whenever a safety device has been activated.

Safety devices that activate a station lockout include:

- High sump level
- Low discharge pressure
- Pump seal leak
- Fire sensor
- Incomplete valve sequence
- Emergency shutdown
- PLC failure

1. A station lockout is handled differently than an individual unit shutdown or individual unit lockout.
2. If any safety device initiates a station lockout, the Operations Controller should immediately make the necessary adjustments on the system to achieve hydraulic balance and then try to determine the reason for the lockout.
3. Field personnel should be immediately notified of the situation and dispatched to the effected location.
4. Once field personnel have identified and corrected the problem then normal operations can be resumed.

Safety devices that activate an individual unit lockout include:

- Bearing high temperature
- Motor winding high temperature
- Pump high case temperature
- Excessive vibration

1. If any safety device initiates a unit lockout, immediately make the necessary adjustments on the system to achieve hydraulic balance and then try to determine the reason for the lockout.
2. If the lockout occurs outside of normal working hours and in the Operations Controller's opinion does not present an immediate hazard, then a determination should be made if you need the unit to continue operations. If you can continue operations without the unit, field personnel should be notified to check on the unit during normal work hours.
3. If the unit is needed to continue operations or meet a pumping schedule then field personnel should be immediately notified of the situation and dispatched to the effected location.

4. Once field personnel have identified and corrected the problem then normal operations can be resumed.

Safety devices that activate a station shutdown include:

- Low suction shutdown
- High discharge shutdown
- High control pressure
- Power Failure

1. If any safety device initiates a station shutdown, the Operations Controller should immediately make the necessary adjustments on the system to achieve hydraulic balance and then try to determine the reason for the shutdown.
2. If the determination is made that the shutdown was caused by a temporary problem (e.g. power outage, hydraulic imbalance) then normal operations can be resumed once the problem has been rectified.
3. If the shutdown is not caused by a temporary situation and it occurs outside of normal working hours, and in the Operations Controller's opinion does not present an immediate hazard, then a determination should be made if you need the station to continue operations. If you can continue operations without the station, field personnel should be notified to check on the unit during normal work hours.
4. Once field personnel have identified and corrected the problem then normal operations can be resumed.

The following safety devices do not shutdown or lockout the unit or station but indicate an abnormal condition exists and require immediate response

- Relief Valve
- Emergency High Level Tank Alarms

1. If any of these safety devices are activated, the Operations Controller should immediately make adjustments (including system shutdown if necessary) to the system to alleviate the cause of the over pressure or overfill.
2. Immediately investigate the cause of the abnormal condition by closely checking all valve lineups, flow rates, pressures and tank gauges.
3. Field personnel should be immediately notified of the situation and dispatched to the effected location.
4. Once field personnel have identified and corrected the problem then normal operations can be resumed.

Abnormal Tank Events/Movements

Monitoring tank levels and volumes for any abnormal events or movements is a crucial process. Some of the abnormal conditions that may develop with tanks include but are not limited to hung gauges, low and high alarms, emergency high-level alarms, roof drain issues, tank roof issues, mixer issues, unexplained volume discrepancies and others.

The Operations Controller must evaluate all data available to determine if a potential problem exists. This data includes but is not limited to tank gauges, tank alarms, excessive volume movements, tank over/short balances, equipment alarms and metering data.

The Operations Controller should hourly review volume data and balances to confirm no discrepancies are apparent. Additionally, trending and monitoring data over a longer period of time looking for shortage trends should be conducted as well.

If the Operations Controller suspects or identifies that a problem exists, they should immediately notify field personnel. After consulting with field personnel, a decision will be made as to what are the next steps to be taken. The Operations Controller is authorized to work in coordination with field personnel to start deliveries into/out of tankage and shutdown deliveries into/out of tankage to help alleviate and isolate any issues that have been identified.

Abnormal Over/Short Issues

One of the most important tasks performed by the Operations Controller is to monitor the integrity of the systems that we operate. One of the most valuable tools available to help monitor the integrity of the system is the Over/Short (O/S). Watching the O/S for a shortage problem is one of the quickest ways to identify a leak on a system. Since a system shortage is a potential sign of a leak, it is very important that we constantly monitor the O/S and take the appropriate action to resolve any shortage issues.

Currently, all O/S parameters are configured based on system flowrates. If a parameter for any of the time periods (Long Term or Short Term) is exceeded, you will receive a SCADA alarm. It is imperative that you fully investigate any O/S alarms to ensure that the integrity of the system has not been breached.

Also, if certain alarm parameters have been exceeded you may not continue to receive additional alarms since the parameters may have been exceeded and acknowledged. It is imperative that you continually monitor system O/S to ensure that you do not have any issues even though you are not receiving alarms. Remember that all time periods are rolling so that the data you are looking at is constantly being updated so that it is the most current data (i.e. ST1 is the last 15 minutes, ST2 is the last 30 minutes, etc....).

Several things to remember when analyzing O/S alarms are listed below:

- were any pump changes made
- is the line packing or draining
- did an injection start or stop
- did the pumping flow rate increase
- did the receiving rate decrease
- were there any pressure changes on the system
- was the system in steady state or transient state
- are there any communication problems
- are all meters counting
- are the meters measuring properly
- did any relief valves open
- is/was a meter bypassed for scrapers or maintenance

The list above is a partial list of things that can cause an O/S issue on a system. Each system operates differently and line pack and drain volumes vary system to system and all data available must be analyzed to determine if a problem exists that must be addressed. When analyzing data remember the volume necessary to pack a system should be equivalent to the volume that the system drained in (i.e. if a system drained in 300 bbls it should take 300 bbls to pack the system). Each Operations Controller should be familiar with the pack and drain tendencies of the systems that they operate and these things need to be taken into consideration when analyzing data.

In addition, at anytime you can do a manual daily O/S on any system by comparing all pumped volumes to all received volumes (select the volume tab at the top of the screen). Another quick system check is to compare the instantaneous flow rates on the pumping and receiving meters.

After analyzing all the data that is available to you, if you cannot determine what is causing the O/S issue, you should not hesitate to shutdown any system and notify appropriate field personnel of the problem. No assumptions should be made about mismeasurement unless confirmed by field personnel. Until field personnel are able to identify and correct the cause of the O/S problem, the system should not be restarted.

Flow/Pressure Deviations from Normal Operations

Flow and/or pressure deviations are one of the first indications of potential abnormal operating conditions. It is the Operations Controller's responsibility to continuously monitor the pressure and flowrates on the systems to ensure that the systems are operating within their normal parameters.

The Operations Controller should be aware that many things might cause a flow/pressure deviation, including but not limited to:

- Leaks
- Motor problems
- Pump problems
- Meter problems
- Control valve problems
- Line blockage
- Relief valve activation
- Valve alignment issues

If the Operations Controller observes that the pressures and flowrates are outside of their normal parameters, they should immediately make the necessary adjustments, including starting/stopping pumps, opening/closing valves, starting/shutting down systems to ensure the integrity of the system.

The Operations Controller should review the information provided to them from the SCADA System, including trends, alarms, events, over/shorts, etc., to help identify what may have caused the flow and/or pressure deviation. Field personnel should be notified as necessary to check out the affected location/facility to help identify and resolve the issue.

Normal operations should not be resumed on the system until either the Controller has been able to resolve the issue remotely or field personnel have identified and corrected the problem that has caused the abnormal operating condition.

Component Malfunction

Many components at a station or facility may malfunction. Some component failures may require the Operations Controller to take immediate action and some failures may not immediately affect the operations and can be addressed in an appropriate time period. Some of the components that may malfunction at a station or facility include but are not limited to:

- Pumps
- Motors
- Meters
- Valves
- Transmitters
- Gauges
- Piping

In the event of a component malfunction, it is the Operations Controller's responsibility to assess the situation and take action as necessary, including adjusting or shutting down any facility or system to ensure that potential damage to the effected location is minimized. In addition, particular care should be taken to ensure that the rest of the facility or system is being operated in a safe manner and within all operational guidelines and parameters.

If the component failure occurs outside of normal working hours and in the Operations Controller's opinion does not present an immediate hazard, then a determination should be made if you need the component to continue operations. If you can continue operations without the component, field personnel should be notified to check on the component during normal work hours.

If the component is needed to continue operations or meet a pumping schedule then field personnel should be immediately notified of the situation and dispatched to the effected location.

Once field personnel have identified and corrected the problem then normal operations can be resumed.

Deviation from Normal Operation

It is the Operations Controller's responsibility to continuously monitor the systems they operate to ensure that the systems are operating normally and within there proper design limits/parameters. Some deviations from normal operations may require the Operations Controller to take immediate action and some deviations may not immediately affect the operations and can be addressed in an appropriate time period. Some of the deviations that may develop include but are not limited to:

- Station work
- Facility work
- Equipment work
- Construction Activity
- Special Operations

In cases that may be considered outside of normal operations, it is the Controller's responsibility to react appropriately, including adjusting or shutting down any facility or system to ensure that operations are safe and any potential damage is minimized. In addition, particular care should be taken to ensure that the rest of the facility or system is being operated in a safe manner and within all operational guidelines and parameters.

The Operations Controller should work with field personnel to ensure that any deviations from normal operations are properly responded to, fully investigated and any necessary corrective repairs made or actions taken.

Once field personnel have identified and corrected the problem and communicated the necessary information to the Operations Controller, then normal operations can be resumed.

Personnel Error

The potential always exist for personnel error to cause a situation which would require a response from the Operations Controller to protect the integrity of the systems they are monitoring and controlling. Some of these errors included but are not limited to:

- Valve misalignment
- Pump shutdowns
- Component failure
- Thermal incident
- Relief activation
- Meter mismeasurement event
- Programmable Logic Controller programming issue

It is the Controller's responsibility to react appropriately to any personnel error, including adjusting or shutting down any facility or system to ensure that operations are safe and any potential damage is minimized. In addition, particular care should be taken to ensure that the rest of the facility or system is being operated in a safe manner and within all operational guidelines and parameters.

The Operations Controller should work with appropriate field personnel to ensure that any personnel errors are properly responded to, fully investigated and any necessary corrective actions taken and/or repairs made.

Once field personnel have identified and corrected the problem and communicated the necessary information to the Operations Controller, then normal operations can be resumed.