

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 10, 2014

Mr. Jeff Shipper
Panther Pipeline, LTD.
16000 Stuebner Airline, Suite 420
Spring, TX 77379

CPF 4-2014-5033M

Dear Mr. Shipper:

On June 17, 2014, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Panther Pipeline, LTD. (Panther) procedures for Control Room Management (CRM) in Texas City, TX.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Panther's plans or procedures, as described below:

1. §195.446 Control room management

(a) General. This section applies to each operator of a pipeline facility with a controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section. The procedures required by this section must be integrated, as appropriate, with the operator's written procedures required by § 195.402. An operator must develop the procedures no later than August 1, 2011 and implement the procedures no later than February 1, 2013.

A. §195.446 Control room management

(d) Fatigue mitigation. Each operator must implement the following methods to reduce the risk associated with controller fatigue that could inhibit a controller's ability to carry out the roles and responsibilities the operator has defined:

(2) Educate controllers and supervisors in fatigue mitigation strategies and how off-duty activities contribute to fatigue;

Panther's CRM plans and procedures did not adequately identify any operator specific fatigue risks that controller may encounter during their shift. There should be a general assessment and identification of risks for fatigue that may be present in the control room.

B. §195.446 Control room management

(d) Fatigue mitigation. Each operator must implement the following methods to reduce the risk associated with controller fatigue that could inhibit a controller's ability to carry out the roles and responsibilities the operator has defined:

(4) Establish a maximum limit on controller hours-of-service, which may provide for an emergency deviation from the maximum limit if necessary for the safe operation of a pipeline facility.

Panther's CRM plans and procedures did not adequately address any specific fatigue countermeasures that can be utilized during applicable time periods or a documented technical basis to show that the maximum limit on controller HOS is adequate to reduce the risk associated with controller fatigue.

C. §195.446 Control room management

(e) Alarm management. Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

(1) Review SCADA safety-related alarm operations using a process that ensures alarms are accurate and support safe pipeline operations

Panther's CRM plans and procedures did not adequately address how stale data will be managed when reviewing SCADA safety-related alarm operations. Panther should account for stale data when reviewing safety related alarms. The cause of stale data should also be accounted for.

D. §195.446 Control room management

(e) Alarm management. Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

(5) Monitor the content and volume of general activity being directed to and

required of each controller at least once each calendar year, but at intervals not exceeding 15 months, that will assure controllers have sufficient time to analyze and react to incoming alarms.

Panther's CRM plans and procedures did not adequately define requirements for monitoring controller workload content and volume of general activity. This includes, but is not limited to, pipeline operations, handling SCADA alarms, conducting shift change, greeting and responding to visitors, administrative tasks, impromptu requests, telephone calls, faxes, or other activities such as monitoring weather and news reports, training (including CBT), checking security and video surveillance systems, using the internet, and interacting with colleagues, supervisors, and managers.

E. §195.446 Control room management

(h) Training. Each operator must establish a controller training program and review the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. An operator's program must provide for training each controller to carry out the roles and responsibilities defined by the operator. In addition, the training program must include the following elements:

(1) Responding to abnormal operating conditions likely to occur simultaneously or in sequence.

Panther's CRM plans and procedures did not adequately define requirements for recognizing and responding to abnormal operating conditions that are likely to occur simultaneously or in sequence. Panther must also include training on lessons learned from the review of operating experience, in accordance with 195.446(g)(2), including critiques of all recent accidents/incidents.

F. §195.446 Control room management

(h) Training. Each operator must establish a controller training program and review the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. An operator's program must provide for training each controller to carry out the roles and responsibilities defined by the operator. In addition, the training program must include the following elements:

(3) Training controllers on their responsibilities for communication under the operator's emergency response procedures

Panther's CRM plans and procedures did not adequately define requirements to train controllers on their responsibilities for communication under the operator's emergency response procedures. The training program should require that controllers demonstrate knowledge and proficiency in communicating during an emergency.

G. §195.446 Control room management

(h) Training. Each operator must establish a controller training program and review the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. An operator's

program must provide for training each controller to carry out the roles and responsibilities defined by the operator. In addition, the training program must include the following elements:

(4) Training that will provide a controller a working knowledge of the pipeline system, especially during the development of abnormal operating conditions;

Panther's CRM plans and procedures did not adequately define requirements for training to provide controllers a working knowledge of the pipeline system, especially during the development of abnormal operating conditions. Training should ensure that controllers have practical knowledge of how fluid dynamics, electrical power, communications, etc. impact operations. Training should also include information about how pressure and flow in all pipeline segments are impacted by control actions.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). 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, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within [number of days] days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Panther maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to R. M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2014-5033M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*