



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 S. Gessner, Suite 630
Houston, TX 77074

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 7, 2017

Mr. Richard Keyser
Senior Vice President of Operations
Gulf South Pipeline Company, LP
9 Greenway Plaza, Suite 2800
Houston, TX 77046

CPF-4-2017-1007W

Dear Mr. Keyser:

On May 17-18, 2017, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your Coastal Bend Header Construction Project near milepost 9 in Wharton County, TX.

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. §192.303 Compliance with specifications or standards

Each transmission line or main must be constructed in accordance with comprehensive written specifications or standards that are consistent with this part.

§192.461 External corrosion control: Protective Coating.

Each external protective coating, whether conductive or insulating, applied for the purpose of external corrosion control must –

- (1) Be applied on a properly prepared surface;**
- (2) Have sufficient adhesion to the metal surface to effectively resist underfilm migration of moisture;**

Gulf South Pipeline failed to follow their written construction specification, #OP-CC-GS-COAT-002, General Coating Specifications of Below Ground Facilities Addendum, 07/08/2014 as noted below:

Gulf South Pipeline's Coating Specification, Section 3.3 states:

"All metal surfaces, except those specifically exempted in these specifications, shall be abrasive blast clean to a "Near White Blast Cleaning" in accordance with NACE 2 / SSPC-SP 10 or better. Contractor shall use dry abrasive and compressed air that has been passed through adequate water and oil traps. Any surface that has been blasted shall be coated the same day. Abrasive blast shall result in a maximum surface profile as outlined in Table 7-1 and Table 7-2."

At the time of the inspection, the field joint surface preparation did not meet the Near White Blast Cleaning requirement as specified in the operators' Coating Specification of Below Ground Facilities Section 3 Surface Preparation and Section 4.1 Surface Conditions, IBR NACE 2/SSPC-SP 10 or better. According to NACE No. 2/SSPC-SP 10, Near-White Metal Blast Cleaning is defined as "A near-white metal blast cleaned surface, when viewed without magnification, shall be free of all visible: Oil, Rust, Grease, Coating, Oxides, Dirt, Dust, Mil Scale, Corrosion products and Other foreign matter except for staining". Visual inspection of the surface by PHMSA after blasting showed that the surface had abrasive residue/dust that did not comply with the NACE/SSPC joint surface preparation standards.

Gulf South Pipeline's Coating Specification, Section 5.2 states:

"Unless otherwise approved by Company inspector, a Company inspector shall inspect all prepared surfaces and previously coated areas and verify that the work meets coating specifications before Contractor applies the first coat or additional coats. Drying time and recoat schedule shall meet the manufacturer's published recoat schedule."

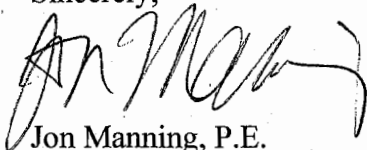
At the time of the inspection, the finished field joint coating revealed a low dry film thickness (DFT) reading which was below the required film thickness stated in the operator's coating specification. The operator's coating specification requires 22-30 mils of FBE on the mainline. Actual DFT readings during the observation using a Type 1 DFT gauge revealed measurements varying from 16 to 18 mils.

After the above findings were identified to Gulf South Pipeline by PHMSA, the operator re-blasted and re-coated the field joint. The field joint coating thickness was verified again meeting the operator's coating specification. The changes were confirmed during a follow-up inspection on May 18, 2017.

As of April 27, 2017, under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 for a related series of violations. Also, for LNG facilities, an additional penalty of not more than \$76,352 for each violation may be imposed. 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 Gulf South Pipeline Company, LP 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 4-2017-1007W**. 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,

A handwritten signature in black ink, appearing to read "Jon Manning", is written over the typed name.

Jon Manning, P.E.

Acting Director, Southwest Region

Pipeline and Hazardous Materials Safety Administration