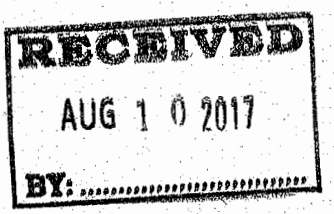
Enterprise Products

ENTERPRISE PRODUCTS PARTNERS L.P.
ENTERPRISE PRODUCTS HOLDINGS LLC
(General Partner)

ENTERPRISE PRODUCTS OPERATING LLC

August 9th, 2017



Pipeline and Hazardous Materials Safety Administration
U.S. Department of Transportation
8701 S.Gessner, Suite 630
Houston, Texas 77074

Attn: Mr. Franky Causey
Acting Director, Southwest Region, PHMSA

Re: CPF 4-2017-5019
Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order
Enterprise Products Operating, LLC ("Enterprise")

Dear Mr. Causey,

Enterprise is in receipt of the above referenced Notice of Proposed Violation (NOPV), Proposed Civil Penalty (PCP), and Proposed Compliance Order (PCO) dated May 10, 2017 and PHMSA's subsequent letter granting Enterprise a response-time extension to August 10, 2017. This letter constitutes Enterprise's timely response to the subject NOPV.

The above referenced action also includes three (3) Warning Items, Items 2, 3, and 5. Warning Items are enforcement actions by PHMSA, which become part of an operator's record and prior enforcement history. For that reason, and although no response to a Warning Items are required under PHMSA 49 C.F.R. Part 190 rules, Enterprise is providing a response to these items to clarify the relevant facts and applicable law.

Item 1:

§195.432 Inspection of in-service breakout tanks.

Each operator must inspect the physical integrity of in-service steel aboveground breakout tanks built to API Std 2510 (incorporated by reference, see §195.3) according to section 6 of API Std 510 (incorporated by reference, see 195.3).

EP_MAPCO failed to inspect the physical integrity of the in-service steel aboveground breakout tanks built to API Standard 2510, incorporated by reference, as required by section six of API Standard 510, incorporated by reference. The operator failed to comply with the required five-year interval for performing the visual external inspections on the eleven "bullet-style" aboveground breakout tanks. API Standard 510 states:

> *"6.4 External Inspection 6.4.1 Unless justified by an RBI (Risk Based Inspection) assessment, each aboveground vessel shall be given a visual external inspection at an interval that does not exceed the lesser of five years or the required internal/onstream inspection. It is preferred to perform this inspection while the vessel is in operation. The interval is established by the inspector or engineer in accordance with the owner/user's quality assurance system."*

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EP_MAPCO did not use the RBI assessment on the breakout tanks and therefore is required to use the five-year inspection interval. All eleven of the "bullet-style" breakout tanks exceeded the five-year inspection interval by 73 days. The inspection dates for all eleven tanks were June 23, 2008 and September 4th, 2013.

Enterprise Response to Item 1:

Enterprise conducted a thorough search and discovered records to support the 11 breakout tanks were inspected within the five-year interval per API STD 510 Section 6.4 based on the previous inspection date of June 23, 2008. The attached invoice dated 12/13/2012 reflects that API 510 External Inspections were performed on 18 fixed equipment assets, including the 11 breakout tanks, at the Pine Bend, MN facility. Accordingly, Enterprise requests that PHMSA convert this item to a Warning Item and withdraw the associated PCP.

Alternatively, Enterprise has reviewed PHMSA's Pipeline Safety Violation Report (PSVR) and the Proposed Civil Penalty Worksheet which were used in the determination of the proposed civil penalty amount. Enterprise hereby submits for PHMSA's review proposed changes to the PSVR and requests that these changes be considered and the proposed civil penalty be re-assessed accordingly.

Enterprise believes the "Nature" component on page 8 of 46 of the PSVR should be changed from "Activities" to "Records" as the attached invoice confirms that the inspections were performed on the 11 breakout tanks, In addition, Enterprise believes the "Number of Instances of Violation" under the "Gravity" component on page 10 of 46 of the PSVR should be changed from 11 to zero (0).

Item 2:

§195.436 Security of facilities.

Each operator shall provide protection for each pumping station and breakout tank area and other exposed facility (such as scraper traps) from vandalism and unauthorized entry.

During the field visit to the Chillicothe Pump Station (Unit 3123) Kearney, NE, PHMSA observed that one of the gates providing ingress and egress to the station was found open (unlatched). EP_MAPCO failed to provide adequate protection to the pump station from vandalism and unauthorized entry. In this instance no vandalism had occurred.

Enterprise Response to Item 2:

The security gate that was unlatched at this facility was promptly fixed. The door latch had been disturbed by soil movement as a result of frost heave.

Item 3:

§§195.452 Pipeline integrity management in high consequence areas.

(h) What actions must an operator take to address integrity issues?
(4) Special requirements for scheduling remediation
(i) Immediate repair conditions. An operator's evaluation and remediation schedule must provide for immediate repair conditions. To maintain safety, an operator must temporarily reduce the operating pressure or shut down the pipeline until the operator completes the repair of these conditions. An operator must calculate the temporary reduction in operating pressure using the formulas referenced in paragraph (h)(4)(i)(B) of this section. If no suitable remaining strength calculation method can be identified, an operator must implement a minimum 20 percent or greater operating pressure reduction, based on actual operating pressure for two months prior to the date of inspection, until the anomaly is repaired. An operator must treat the following conditions as immediate repair conditions:
(C) A dent located on the top of the pipeline (above the 4 and 8 o'clock positions) that has any indication of metal loss, cracking or a stress riser.

EP_MAPCO failed to take the 20% reduction in operating pressure at the point of the anomaly. The operating pressure was reduced by 20% at the upstream pump station. The operator should have calculated the operating pressure reduction at the point of the anomaly. The operator's procedure IM 5-01L section 5-01.2.1.2 states: "For indications that meet the immediate repair criteria per 195.452(h)(4)(i)(C), 452(h)(4)(i)(D) or 452(h)(4)(i)(E), the operating pressure shall be temporarily reduced by 20%." PHMSA intends for the pressure reduction to occur at the point of the anomaly as stated in the guidance material FAQ 7.15 (c).

Enterprise Response to Item 3:

PHMSA alleges that Enterprise violated the requirements of 49 CFR Part 195.452(h)(4)(i)(C) but did not specify the exact Integrity Management (IM) activity in which this alleged violation occurred. After reviewing notes from the inspection and the documents provided to PHMSA, Enterprise believes that the activity in question has the following characteristics.

- LID 428 West Leg Loop Conway to Pine Bend
- AID 79 Mankato to MP 513
- The assessment was a TDW MFL/DEF ILI run completed on 4/30/2014.
- The immediate condition was a top-side dent with metal loss at station # 7524+36 (odometer #324803.16)
- The immediate condition was in a section of pipe determined NOT to be able to impact a high consequence area (HCA) in the event of a leak.

Enterprise requests that PHMSA withdraw Item 3 for the following reasons:

- The immediate condition in question was not located in nor could affect an HCA and, therefore, not subject to 49 CFR 195.452 per 195.452(a). The pressure reduction was voluntarily implemented as a cautionary measure. The non-HCA impacting status was clearly identified in documents reviewed and provided to PHMSA during the inspection.

- 49 CFR 195.452(h)(4)(i)(C) does not require the pressure reduction to occur at the location of the anomaly for the cited type of immediate condition. In fact, the Final Rule published January 5th, 2015 only specifies that pressure reductions be taken at the location of an anomaly for conditions meeting the requirements of 195.452(h)(4)(i)(B) and 195.452(h)(4)(iii)(D). Furthermore, Enterprise's current IM procedure 5-01L, Operating Pressure Procedure, complies with the current requirements of 195.452(h)(4)(i)(B) and 195.452(h)(4)(iii)(D) as stated in the following sections:
    - 5-01.2.1.2.2 For metal loss indications that meet the criteria of 195.452(h)(4)(i)(A) or 195.452(h)(4)(i)(B), a temporary operating pressure shall be established for the location of the indication by performing calculations based upon the formulae referenced in section 451.6.2.2(b) of ASME/ANSI B31.4 where applicable or by a pressure reduction of 20%.
    - 5-01.2.1.2.3 For metal loss indications that meet repair criteria per 195.452(h)(4)(iii)(D), the operating pressure shall be temporarily reduced to the Safe Working Pressure at the location of the indication.

- Item 3 cites PHMSA's guidance material FAQ (7.15(c)) as the basis for the violation. FAQs are intended to clarify, explain, and provide better understanding of the hazardous liquid pipeline regulation. However, FAQs are not substantive rules, themselves, and do not create legally enforceable rights, assign duties, or impose new obligations not otherwise contained in the existing regulations and standards.

Item 4:

§195.505 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to: (a) Identify covered tasks;

EP_MAPCO failed to identify as a covered task the repair method of buffing/grinding out a pipeline defect. The operator confirmed that grinding out the following defects is a repair method used: (1) stress corrosion cracking (SCC); (2) dents with metal loss; and (3) cracking. However, the operator does not consider the process of buffing/grinding a covered task. The process of grinding out a pipeline defect meets the four-part test and therefore should be a covered task. The process is: 1) performed on a pipeline facility; 2) an operations or maintenance task contained in §195.422 (a); 3) performed as a requirement 4 of this part contained in 192.452 (h); and 4) affects the operation or integrity of the pipeline. ASME B-31 Q considers grinding out pipeline defects a covered task.

Enterprise Response to Item 4:

Enterprise requests that PHMSA withdraw Item 4 from the NOPV. In the alternative, Enterprise requests that PHMSA convert Item 4 to a Warning Item. Enterprise disputes the assertion that buffing/grinding is a covered task because buffing/grinding does not meet the four-part test set forth in PHMSA regulations for covered tasks at 49 C.F.R. Part 195.501(b)(1)–(4). In particular, grinding does not meet the requirements of Part

195.501(b)(3) given that there is no regulation that expressly requires an operator to perform grinding and, therefore, grinding is not performed as a Part 195 requirement. Furthermore, Enterprise does not allow grinding to be performed when repairing pipeline defects.

Similarly, PHMSA's reliance on and reference to non-mandatory industry standard ASME B31Q is misplaced because that standard is not legally required under PHMSA regulations. Nowhere in Part 195 is ASME B31Q referenced, much less expressly adopted and incorporated by reference. See 49 C.F.R. Part 195, including 49 C.F.R. Part 195.3 (setting forth industry standards and practices that are expressly incorporated by reference and thereby legally required).

In effort to respond to PHMSA's concern, and without admitting to any violation in the NOPV, Enterprise will voluntarily modify its OQ program to include "Sanding and Buffing for Repairs of Pipeline Defects" as a covered task. This task will only be for the act or process of smoothing or polishing a surface with a sanding/buffing tool specifically for the purpose of removing or eliminating pipeline defects.

Item 5:

§195.581 Which pipelines must I protect against atmospheric corrosion and what coating material may I use?

(a) You must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

EP_MAPCO failed to ensure that each pipeline or portion of pipeline that is exposed to the atmosphere was protected against atmospheric corrosion. At the Willow Pump Station located on the Morris Lateral in PHMSA Unit 2313 Iowa City, IA, atmospheric corrosion, metal flaking, and pitting were present on the pipe and pipe fittings. Atmospheric corrosion was present on the underside of the pipe at the pipe supports. At Greentop Pump Station in PHMSA Unit 3123 - Kearney, NE, there were signs of atmospheric corrosion and coating disbondment found on pipeline fittings. The operator failed to protect the aboveground piping from atmospheric corrosion.

Following the inspection EP_MAPCO submitted documentation to PHMSA demonstrating that the areas had been remediated.

Enterprise Response to Item 5:

It is Enterprise's position that our Corrosion Prevention Program Procedure, CPP-PCL-01, *Atmospheric Corrosion Inspection Procedure*, (attached) clearly defines the method for monitoring, inspecting, and reporting atmospheric corrosion of aboveground facilities. Enterprise has reviewed the procedure and no deficiencies were identified. Accordingly, Enterprise believes the violation occurred due to an isolated oversight of our procedure. Additionally, Enterprise reviewed the atmospheric corrosion inspection report for the subject facilities to ensure the pipe supports are clearly identified for future inspections.

Safety Improvement Costs:

It is requested (not mandated) that Enterprise Products Operating, LLC maintain documentation of safety improvement costs associated with fulfilling this Notice of Amendment preparation/revision of plans, procedures) and submit the total to Robert Burrough, Acting Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, West Trenton, NJ 08628.

Enterprise Response to Safety Improvement Costs:

Enterprise experienced no additional cost to amend the programs and procedures provided in response to this letter other than the normal cost of personnel time.

Should you have any questions, require further information in connection with the above or wish to discuss this matter in greater detail, please do not hesitate to contact our office. Enterprise welcomes the opportunity to discuss this response with PHMSA if further clarification is required.

Sincerely,

Graham W. Bacon
Executive Vice President, Operations & Engineering

Attachments

- Invoice 207947
- CPP-PCL-01 - Atmospheric Corrosion Inspection Procedure