March 27, 2019

Mr. A. J. Teague
Director and Chief Executive Officer
Enterprise Products Partners, LP
1100 Louisiana Street, 10th Floor
Houston, TX 77002

Re: CPF No. 4-2017-5036M

Dear Mr. Teague:

Enclosed please find the Order Directing Amendment issued in the above-referenced case to your subsidiary, Enterprise Products Operating, LLC. It makes findings of inadequate procedures and requires that Enterprise amend certain of its operating and maintenance procedures. When the amendment of procedures has been completed, as determined by the Director, Southwest Region, Office of Pipeline Safety, PHMSA, this enforcement action will be closed. Service of the Order by certified mail is effective upon the date of mailing as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Ms. Mary McDaniel, Director, Southwest Region, Office of Pipeline Safety, PHMSA
Mr. Graham W. Bacon, Executive Vice President, Operations and Engineering,
Enterprise Products Partners, LP

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590

In the Matter of	)	
Enterprise Products Operating LLC, a subsidiary of Enterprise Products Partners, LP,	)	**CPF No. 4-2017-5036M**
Respondent.	)	

ORDER DIRECTING AMENDMENT

From January 9 through May 24, 2017, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the procedures for operations and maintenance of Enterprise Products Operating, LLC (EPO or Respondent), in Houston, Texas. EPO is a wholly-owned subsidiary of Enterprise Partners, LP (Enterprise).[1] Enterprise conducts substantially all of its operations through EPO, including more than 50,000 miles of pipeline and approximately 260 million barrels of hazardous liquid storage capacity.[2]

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated November 2, 2017, a Notice of Amendment (Notice). In accordance with 49 C.F.R. § 190.206, the Notice alleged certain inadequacies in Respondent's Operations and Maintenance program and proposed requiring EPO to amend its procedures to ensure safe operation of its pipeline facilities.[3]

After requesting and receiving an extension of time to respond, EPO responded to the Notice by letter dated February 28, 2018 (Response). The company contested the allegations of

[1] Enterprise Products Partners, LP, Form 10-Q submitted to U.S. Securities and Exchange Commission, *available at* http://services.corporate-ir.net/SEC/Document.Service?id=P3VybD1hSFIwY0RvdkwyRndhUzUwWlc1cmQybDZZWEprTG1OdmJTOWtiM2R1Ykc5aFpDNXdhSEEvWVdOMGFXOXVQVkJFUmlacGNHRm5aVDB4TWpNNU5UYzJOaVp6ZFdKemFXUTlOVGM9JnR5cGU9MiZmbj1FbnRlcnByaXNlUHJvZHVjdHNQYXJ0bmVyc0wucGRm (last accessed March 25, 2019).

[2] Enterprise Products Partners, LP, website, *available at* https://www.enterpriseproducts.com/about-us/business-profile (last accessed March 25, 2019).

[3] The Notice was issued in conjunction with a separate Notice of Probable Violation (CPF No. 4-2017-5035). A Final Order in that case will be issued separately.

inadequacy, provided a summary of its position, and included information concerning changes that it had made to its procedures. Respondent did not request a hearing and therefore has waived its right to one.

FINDINGS OF INADEQUACY

The Notice alleged that Respondent's procedures were inadequate with regard to 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent's procedures were inadequate with regard to 49 C.F.R. § 195.505(i), which states:

> **§ 195.505 Qualification program.**
> Each operator shall have and follow a written qualification program. The program shall include provisions to:
> (a) . . . .
> (i) After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the administrator or state agency has verified that it complies with this section. Notifications to PHMSA may be submitted by electronic mail to *InformationResourcesManager@dot.gov,* or by mail to ATTN: Information Resources Manager DOT/PHMSA/OPS, East Building, 2nd Floor, E22-321, New Jersey Avenue SE, Washington, DC 20590.

The Notice alleged that Respondent's procedures for determining what constitutes a significant change to EPO's Operator Qualification (OQ) program were inadequate. Specifically, the Notice alleged that during the 2017 PHMSA inspection, PHMSA discovered certain inadequacies in EPO's procedures. Specifically, the Notice alleged that EPO failed to notify PHMSA on two occasions after making changes that should have been considered significant and provided notification to PHMSA on four occasions after making changes that Respondent did not consider significant. First, in 2011, EPO failed to notify PHMSA after making a change to its OQ program that was designated as significant under the company's own *OQ Addendum*. Second, in 2010, EPO failed to notify PHMSA of several changes to the company's OQ program, including removal of T2 training and qualification methods for various tasks that the company did not consider significant. The changes made in 2010 should have been considered significant in light of PHMSA's December 7, 2009 advisory bulletin, ADB-09-03.[4] Additionally, EPO notified PHMSA in 2012, 2013, 2014, and 2015 of changes that the operator did not consider significant.

In its Response, EPO contested these allegations and provided information concerning its practice of notifying PHMSA about changes to the company's OQ program. Respondent stated that, beginning in 2011, it simply submitted an updated copy of the company's OQ program to PHMSA on an annual basis "to ensure that the Company complied with the requirement to

[4] 74 Fed. Reg. 64123 (Dec. 7, 2009).

communicate significant changes." Respondent further argued that the term "significant" was vague and that 49 C.F.R. § 195.505 did not require operators to define that term in its OQ procedures. However, Respondent amended *Appendix D – Glossary* of its OQ program to include a definition of "significant" and submitted the revised Appendix to the Director.

Having considered the record, I find that Respondent's procedures were inadequate with regard to 49 C.F.R. § 195.505(i) because they failed to ensure safe operation of a pipeline facility by clarifying when Respondent must notify PHMSA after making significant changes to the OQ program. The Director reviewed Respondent's amended Appendix D and found the amendments acceptable. Accordingly, no further action is required on Respondent's part and this item is now closed.

Item 2: The Notice alleged that Respondent's procedures were inadequate with regard to 49 C.F.R. § 195.452(e)(1), which states, in relevant part:

> **§ 195.452 Pipeline integrity management in high consequence areas.**
> (a) . . . .
> (e) *What are the risk factors for establishing an assessment schedule (for both the baseline and continual integrity assessments)?* (1) An operator must establish an integrity assessment schedule that prioritizes pipeline segments for assessment (see paragraphs (d)(1) and (j)(3) of this section). An operator must base the assessment schedule on all risk factors that reflect the risk conditions on the pipeline segment. The factors an operator must consider include, but are not limited to: . . . .

The Notice alleged that Respondent's procedures for Integrity Management (IM) were inadequate because the risk factors being considered may not reflect the actual risk conditions on the pipeline segment at a particular time. Specifically, the Notice alleged that Respondent's IM *Procedure 2-01L, Line Pipe Risk Analysis*, required EPO's Pipeline Integrity Engineering Manager, Pipeline Integrity Engineering Supervisor, or Pipeline Integrity Engineer to review, on an annual basis, the risk results for line pipe segments in which data for the "significant" risk factors have changed. The Notice further alleged that the same procedure required the same EPO personnel to update the risk results once every five years. The Notice maintained that procedure *2-01L* was inadequate because it did not reflect EPO's actual practice of updating its risk-ranking analysis at least once per year.

In its Response, EPO argued that OPS had misinterpreted *Procedure 2-01L*, and requested that PHMSA withdraw Item 2. Specifically, Respondent argued that *Procedure 2-01L* contained two different requirements for updating risk analyses. First, Respondent argued that section 2-01.2.4, subsection 2-01.2.1.1[5] of the procedure required EPO to conduct an annual review of all risk

[5] I note that the numbering system used in Respondent's *Procedure 2-01L* is not intuitive and is difficult to reference specifically. While each first-level section heading follows the convention "2-01.1," "2-01.2," etc., and each second-level heading the convention "2-01.2.1," "2-01.2.2," etc., all lower-level headings fail to follow a cognizant enumeration system. For instance, each new third-level heading begins with "2-01.2.1.1," regardless of the second-level heading under which it is placed. Accordingly, there are numerous subsections of *Procedure 2-01L*

results for which a "significant risk factor" had changed. Respondent noted that a change to a significant risk factor might result in EPO updating other risk results under subsection 2-01.2.1.3 of the procedure. Second, Respondent contended that subsection 2-01.2.1.4 required EPO to evaluate the need to review and update risk analysis scores at least once every five years, independent of any changes to significant risk factors. According to EPO, the two review timelines (annual significant-change-driven and five-year change-independent) were clearly stated and in compliance with 49 C.F.R. § 195.452(e).

Having considered the record, I find that Respondent's procedures were inadequate to assure safe operation because they failed to state clearly that a significant risk-factor change required EPO to update its risk analysis results; subsection 2-01.2.1.3 stated only that EPO "may" update the analysis. To ensure pipeline safety, *Procedure 2-01L* must clearly outline the company's two risk-analysis review timelines, especially with respect to the requirement for a change-independent review of risk results at least once every five years. This clarification will ensure that EPO personnel are aware that a yearly review of risk analyses is required, and how the five-year review would be performed under *Procedure 2-01L*.

Having considered the record, I find that Respondent's procedures were inadequate with regard to 49 C.F.R. § 195.452(e) because they failed to clarify when EPO personnel were required to conduct various reviews and updates of risk analyses.

AMENDMENT OF PROCEDURES

Accordingly, I find that EPO's procedures were inadequate to ensure safe operation of its pipeline system. Pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206, EPO is ordered to make the following revisions to its procedures. Respondent must:

1. Amend its *Procedure 2-01L* to clarify its practice of conducting annual updates of risk analyses where a significant risk factor has changed and of conducting a review and update of all risk-analysis scores at least once every five years, regardless of any change to risk factors.

2. Submit the amended procedures to the Director within 30 days following receipt of this Order.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

Failure to comply with this Order may result in administrative assessment of civil penalties not to exceed $200,000, as adjusted for inflation (49 C.F.R. § 190.223), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a

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sharing the same third-level headings cited in this Order; however, all such citations refer to text under section 2-01.2.4.

district court of the United States.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address, no later than 20 days after receipt of this Order Directing Amendment by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The terms of the order remain in effect unless the Associate Administrator, upon request, grants a stay.

The terms and conditions of this Order are effective upon service in accordance with 49 C.F.R. § 190.5.

March 27, 2019

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued