

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

February 14, 2022

Wayne Ahrens
Vice President
Eagle US 2 LLC
4797 Hwy 27 South
Sulphur, Louisiana 70665

CPF 4-2022-018-NOPV

Dear Mr. Ahrens:

From August 2, 2021 to November 3, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Eagle US 2 LLC's (Eagle) hazardous liquid pipeline system in between Lake Charles, Louisiana and Orange, Texas.

As a result of the inspection, it is alleged that Eagle has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. § 195.571 What criteria must I use to determine the adequacy of cathodic protection?

Cathodic protection required by this subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained paragraphs 6.2.2, 6.2.3, 6.2.4, 6.2.5 and 6.3 in NACE SP 0169 (incorporated by reference, *see* § 195.3).

Eagle failed to determine the adequacy of cathodic protection as required by § 195.571 by not performing measurements with consideration of voltage drop (IR drop) as required by NACE SP 0169-2007. Eagle's annual cathodic protection survey records for calendar years 2019, 2020, and 2021 indicated that "ON" readings of at the negative 850 mV level; however, Eagle did not consider IR drop when determining the adequacy of cathodic protection.

PHMSA reviewed Eagle's cathodic protection survey records, but Eagle could not provide documentation to demonstrate the IR drop was evaluated at each of the cathodic protection test stations.

After PHMSA informed Eagle of the inadequate results, Eagle revised its written procedure to include applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2.2, 6.2.3, 6.2.4, 6.2.5 and 6.3 in NACE SP 0169-2007. Eagle amended its *DOT Liquid Pipeline Operations & Maintenance Manual, 7.9 Ensuring Adequate Cathodic Protection [§195.571]* (Revision Date: September 7, 2021) procedure to include provisions for the consideration of IR drop and to ensure adequate cathodic protection on its pipeline systems.

2. § 195.575 Which facilities must I electrically isolate and what inspections, tests, and safeguards are required?

(a) . . .

(c) You must inspect and electrically test each electrical isolation to assure the isolation is adequate.

Eagle failed to inspect and electrically test its road casings to determine if they were electrically isolated from the pipeline as required by § 195.575(c) and in accordance with Eagle's written procedure. Eagle's written *DOT Liquid Pipeline Operations & Maintenance Manual, 7.11 Electrical Isolation Installation, Inspection and Testing [§195.575]* (Revision Date: September 7, 2021), states, "Eagle personnel will inspect and electrically test each electrical isolation to assure that the isolation of the electrical current is adequate. Said electrical tests shall be reported and recorded on annual survey or other inspection forms."

During PHMSA's field inspection on November 2, 2021, PHMSA examined and tested pipe-to-soil and casing-to-soil potential measurements for Gum Cove Road, Highway I-210, and Highway 108 and found the isolation adequate. Eagle's compliance personnel stated that there were no inspections conducted to test for electrical isolation at its casings.

3. § 195.577 What must I do to alleviate interference currents?

(a) For pipelines exposed to stray currents, you must have a program to identify, test for, and minimize the detrimental effects of such currents.

Eagle failed to alleviate interference currents from overhead high voltage electricity power lines running parallel to its Thomson Road Decoupler pipeline segment as required by 195.577(a). Eagle's annual cathodic protection survey records from calendar years 2019, 2020, and 2021 at the Thomson Road Decoupler indicate 9.934V, 12.305V, and 11.913V consecutively, indicating a potential interference issue.

Additionally, some 2016 close interval survey records show an "instant off" reading that is higher than the "on" reading which also may be an indication of interference. During PHMSA's field inspection on November 2, 2021, 116.2 mA currents were observed at the Thomson Road Decoupler, and in accordance with *NACE SP0169-2007, Standard Practice, Control of External Corrosion on Underground or Submerged Metallic Piping Systems, Section 9: Control of Interference Currents*, m

Eagle's written *DOT Liquid Pipeline Operations & Maintenance Manual, 7.12 Alleviating Interference Currents [§195.577]* (Revision Date: September 7, 2021), does not adequately address the requirements of § 195.577(a) to identify, test for, and minimize the detrimental effects of stray currents. Eagle's procedures make no mention of inspection requirements for AC interference, or where to identify, how to test for, and how to mitigate such interference currents.

Proposed Compliance Order

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, Eagle US 2 LLC is subject to a civil penalty not to exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violations occurring on or after January 11, 2021, and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violations occurring on or after July 31, 2019, and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violations occurring on or after November 27, 2018, and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violations occurring on or after November 2, 2015, and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to Item 3 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Eagle. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to Items 1 and 2, 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 promptly correct these items. Failure to do so may result in additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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 you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 4-2022-018-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Mary L. McDaniel, P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Eagle US 2 LLC (Eagle) a Compliance Order incorporating the following remedial requirements to ensure the compliance with the pipeline safety regulations:

- A. In regard to Item 3 of the Notice pertaining to Eagle's failure to adequately alleviate interference currents from overhead high voltage electricity power lines that run parallel to its pipeline system, Eagle must:
 - i. Update the written *DOT Liquid Pipeline Operations & Maintenance Manual, 7.12 Alleviating Interference Currents [§195.577] (Revision Date: September 7, 2021)* to address the requirements of § 195.577(a) to identify, test for, and minimize the detrimental effects of stray currents. Eagle's procedures must mention the inspection requirements for AC interference, where to identify, how to test for, and how to mitigate such interference currents as detailed in *NACE SP0169-2007, Standard Practice, Control of External Corrosion on Underground or Submerged Metallic Piping Systems, Section 9: Control of Interference Currents*. Eagle must also include in its procedure information regarding the limit of induced AC determined by qualified personnel that will present a safety hazard to personnel contacting above-ground metallic components, test leads, valves, risers, etc.;
 - ii. Conduct an AC interference study and design mitigation measures; and
 - iii. After conducting the AC interference study and design mitigation measures, Eagle must resolve any deficiencies identified and provide documentation to PHMSA.
- B. Eagle must submit all documentation demonstrating compliance with item A to PHMSA within 120 days of receipt of the Final Order.
- C. It is requested (not mandated) that Eagle maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary L. McDaniel P.E., Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.