



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 27, 2017

Mr. Grant Simms
CEO
Genesis Energy, L.P.
919 Milam Street, Suite 2100
Houston, TX 77002

CPF 5-2017-6008W

Dear Mr. Simms:

On September 19 through 23, 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Thunder Basin Pipeline in Douglas, Wyoming.

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. The items inspected and the probable violations are:

1. **§194.117 Training.**
(b) Each operator shall maintain a training record for each individual that has been trained as required by this section. These records must be maintained in the following manner as long as the individual is assigned duties under the response plan:
(1) Records for operator personnel must be maintained at the operator's headquarters.

Hazwoper refresher (every two years) training records are not being kept current for response personnel. Hazwoper refresher training for a first emergency responder, 2014 certification, was not signed by the instructor or the employee. In addition, hazwoper refresher training for a second emergency responder was not provided for 2014 or 2016. Furthermore, Hazwoper refresher training records for a third emergency responder indicated it was beyond the two-year interval for refresher training but was assigned the duties without having recertification.

2. §194.117 Training.

(a) Each operator shall conduct training to ensure that:

(i) Their responsibilities under the response plan.

Per Appendix D of the operator's Facility Response Plan (FRP), the operator states they are performing quarterly QI notification exercises, annual equipment deployment exercises, and annual spill management team tabletop exercises. The operator failed to perform an annual tabletop exercise in 2014.

3. §195.403 Emergency Response Training.

(a) Each operator shall establish and conduct a continuing training program to instruct emergency response personnel to:

(1) Carry out the emergency procedures established under 195.402 that relate to their assignments.

The operator adopted Enterprise's O&M Manual in August 2016. Prior to that, the operator used Genesis's LOME Manual. The operator has not demonstrated that they are performing training to its emergency response personnel. Documentation could not be provided to demonstrate that emergency response training occurred in 2015.

4. §195.404 Maps and Records.

(c) Each operator shall maintain the following records for the period specified:

(2) The date, location, and description of each repair made to parts of the pipeline system other than pipe shall be maintained for at least 1 year.

The operator's records indicated that during an inspection of valve #1810 (on October 12, 2015), the valve was not seating completely. Records to demonstrate that corrective actions were implemented could not be provided.

5. §195.404 Maps and Records.

(c) Each operator shall maintain the following records for the period specified:

(3) A record of each inspection and test required by this subpart shall be maintained for at least two years or until the next inspection or test is performed, whichever is longer.

The 2012 API 653 tank inspection for Tank #1154 indicated several repairs were necessary. The operator was able to provide a proposal for tank repairs and an invoice for repairs but

could not demonstrate explicitly which repairs were performed. Detailed repair documentation could not be provided.

6. **§195.569 Do I have to examine exposed portions of buried pipeline?**
Whenever you have knowledge when any portion of a buried pipeline is exposed, you must examine the exposed portion for evidence of external corrosion if the pipe is bare, or if the coating is deteriorated. If you find external corrosion requiring corrective action under 195.585, you must investigate circumferentially and longitudinally beyond the exposed portion (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the exposed portion.

Exposed piping reports from Calendar Year 2014 to September 2016 were reviewed. One exposure, that occurred in 2014, did not include documentation of a coating inspection.

7. **§195.579 What must I do to mitigate internal corrosion?**
(c) Removing pipe: Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion. If you find internal corrosion requiring corrective action under 195.585, you must investigate circumferentially and longitudinally beyond the removed pipe (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe.

A mainline valve was replaced at Lisco Junction in May 2016. Records for the replacement of the valve were reviewed. No records were provided to demonstrate that an internal inspection for corrosion was performed on the removed pipe/valve at Lisco Junction.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violation occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations.

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 Genesis Energy, L.P. 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 5-2017-6008W**. 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 "Chris Hoidal". The signature is fluid and cursive, with the first name "Chris" written in a larger, more prominent script than the last name "Hoidal".

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 D. Fehling (#153764)