

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 18, 1999

Mr. Barry Davis
Director, Operations and Maintenance
Genesis Crude Oil Limited Partnership
500 Dallas Suite 2500
Houston, TX 77002

CPF No: 29503W

Dear Mr. Davis:

On June 21 - 25, 1999, a representative of the Southern Region, Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code, conducted an onsite pipeline safety inspection of your facilities and records in Alabama, Florida, Mississippi, and Louisiana.

As a result of the inspection, it appears that you have committed probable violations of pipeline safety regulations Title 49, Code of Federal Regulations, Part 195 as noted below.

The items inspected and the probable violations are:

- 1. §195.401(b) Whenever an operator discovers any condition that could adversely affect the safe operation of its pipeline system, it shall correct it within a reasonable time.**

Genesis Crude Oil (GCO) has written criteria of -0.850V as a satisfactory level of cathodic protection. In monitoring of its cathodically protected pipeline system, GCO discovered an area of low pipe-to-soil potential, indicating lack of corrosion control. At the time of **the** inspection, no prompt remedial action had been taken to correct the **existing** situation that could adversely affect the safe operation of the pipeline system. The following area showed an unsatisfactory level of cathodic protection:

Line Section (Soso - Gwinville): MP 0.00 - Gwinville Junction, #2 line
Annual Survey - 1997: -0.640V; 1998: -0.664V.

2. §195.416(b) Each operator shall maintain the test leads required for cathodic protection in such a condition that electrical measurements can be obtained to ensure adequate protection.

During the records **review** and **subsequent** field inspection, broken and/or no test leads **were found** at several locations. The CP reports showed several defective test leads were not repaired for two consecutive years to assure proper continuity and allow for electrical measurement. Some of the locations include: Illinois Central RR, Paved Road @ MP8.15, and Dirt Road @ MP25.19 .

An evaluation of your pipe-to-soil monitoring records and field observation indicated that several monitoring test stations were not read for two years to determine the adequacy of your cathodic protection in all the operating areas. No assessment made of how much cathodic protection is needed due to insufficient monitoring test stations, unrepaired test leads and in some cases there was no access found to the monitoring test stations. Due to insufficient number of test stations and unrepaired test leads, the spacing between the two nearest test stations became two to three miles, in one case, 11 miles.

In addition, the last two years of pipe-to-soil monitoring surveys for Mississippi and Louisiana areas indicated a need of casings' evaluation in terms of location and testing. Electrical isolation can not be adequately determined if pipe-to-soil and casing-to-soil measurements are not taken.

Reviewing your cathodic protection program and past compliance history, we would like to emphasize the following corrosion control measures:

- Conduct a close interval survey to assure that you do not have anodic areas and disbonded coating.
- Install sufficient number of test stations (on the average one test station per mile).
- Repair/replace test leads.
- Attain a pipe-to-soil potential of -0.850 V as an IR drop free reading (try to maintain a -1.00 V reading as a minimum).
- Take a prompt remedial action at the low pipe-to-soil areas, at least before the next annual monitoring is due.
- Check all the interference at or near your pipelines, DC or high power AC transmission line.
 - Check all the known casings at least once a year for their proper electrical isolation. Investigate for other casings which are unknown at this time.
- Revise/update your corrosion control procedures according to your current/revised field practice.

3. §195.410(c) Each operator shall provide line marking at locations where the line is above ground in areas that are accessible to the public.

On the Jay line near Brady Road, there were no signs in place at mainline block valve #18-35 to identify and to reduce the possibility of damage or interference to Genesis's facility.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$25,000 for each violation for each day the violations persists up to a maximum of \$500,000 for any related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to assess you a civil penalty. We advise you, however, that should you not correct the circumstances leading to the violations, we will take enforcement action when and if the continued violations comes to our attention.

You will not hear from us again with regard to the noted inspection and our subsequent action. Because of the good faith that you have exhibited up to this time, we expect that you will act to bring your pipeline (and/or your operations) into compliance with pipeline safety regulations.

Sincerely,

Frederick A. Joyner
Director, Southern Region
Office of Pipeline Safety

cc: Compliance Registry, OPS Headquarters