U.S. Department
of Transportation
**Pipeline and
Hazardous Materials Safety
Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

MAY 26 2005

Mr. Barry R. Pearl
President and CEO
Texas Eastern Products Pipeline Company, LLC
2929 Allen Parkway
Houston, TX 77019

Re: CPF No. 4-2005-5020H

Dear Mr. Pearl:

Enclosed is a Corrective Action Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It requires you to take certain corrective actions with respect to your Seaway Crude Pipeline hazardous liquid pipeline system. Service is being made by certified mail and facsimile. Your receipt of this Corrective Action Order constitutes service of that document under 49 C.F.R. § 190.5. The terms and conditions of this Corrective Action Order are effective upon receipt.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

cc: R. M. Seeley, Director, Southwest Region, OPS

James E. Mika, Manager - Regulatory Compliance
TEPPCO
2929 Allen Parkway
Houston, Texas 77019

VIA CERTIFIED MAIL-RETURN RECEIPT REQUESTED AND FACSIMILE

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of Texas Eastern Products Pipeline Company, LLC, Respondent	CPF No. 4-2005-5020H

CORRECTIVE ACTION ORDER

Purpose and Background

This Corrective Action Order is being issued, under authority of 49 U.S.C. § 60112, to require Texas Eastern Products Pipeline Company (Respondent), to take necessary corrective action to protect the public, property, and the environment from potential hazards associated with a failure involving Respondent's Seaway Crude Pipeline hazardous liquid transmission pipeline.

On May 13, 2005, a failure occurred on Respondent's Seaway Crude Pipeline system in Bryan County, Oklahoma. The cause of the failure has not yet been determined. Pursuant to 49 U.S.C. § 60117, the Southwest Region, Office of Pipeline Safety (OPS) initiated an investigation of the accident.

Preliminary Findings

- On May 13, 2005, at approximately 7:20 AM CDT, Respondent's 30-inch S-1 Seaway Crude Pipeline (Seaway Crude) system experienced a failure, resulting in the release of approximately 860 barrels of crude oil. An unknown quantity of crude oil entered Eastman Creek in Bryan County, Oklahoma.

- The failure site is located at or near Mile Post 352.18, approximately 3 miles north of Colbert, Oklahoma. No fires, injuries, or fatalities were reported in connection with the accident.

- Following the failure, Respondent shut down the pipeline and deployed containment booms to limit the spread of oil in Eastman Creek.

- Respondent's Seaway Crude system is approximately 502 miles in length and transports crude oil from the Jones Creek Terminal in Brazoria County, Texas north to the Cushing Terminal in Payne County, Oklahoma. Portions of the Seaway Crude system cross interstate and state highways and are routed through or near populated areas, drinking water resources, and ecologically sensitive areas.

- The cause of the failure has not yet been determined. Preliminary visual examination at the failure site revealed a crack in the longitudinal seam. Respondent cut out and replaced a 42-foot section of pipe containing the failure site. Respondent transported the failed pipe to Keifner and Associates in Worthington, Ohio for metallurgical examination. Respondent utilized a chain-of-custody procedure provided by OPS to ensure proper collection, cataloging, sealing, and transfer of the failed pipe section.

- The Seaway Crude system is constructed of 30-inch nominal diameter, 5LX X-52 Grade, 0.281-inch wall thickness, double submerged arc welded pipe manufactured by Kaiser in 1976. The pipeline has a TGF-3 coal tar enamel coating and is cathodically protected by impressed current.

- The maximum operating pressure (MOP) of the Seaway Crude system within the segment containing the failure site is 701 pounds per square inch gauge (psig) as established by hydrostatic testing in 1976. At the time of the failure, the pressure in the segment containing the failure site was approximately 640 psig, as measured from the Colbert Station discharge monitors.

- An internal inspection of the Seaway Crude pipeline system was performed in 1995 using a magnetic flux leakage tool. The pipeline does not have a known history of longitudinal seam failure.

Determination of Necessity for Corrective Action Order and Right to Hearing

Section 60112 of Title 49, United States Code, provides for the issuance of a Corrective Action Order, after reasonable notice and the opportunity for a hearing, requiring corrective action, which may include the suspended or restricted use of a pipeline facility, physical inspection, testing, repair, replacement, or other action as appropriate. The basis for making the determination that a pipeline facility is hazardous, requiring corrective action, is set forth both in the above-referenced statute and 49 C.F.R. § 190.233, a copy of which is enclosed.

Section 60112, and the regulations promulgated thereunder, provide for the issuance of a Corrective Action Order without prior opportunity for notice and hearing upon a finding that a failure to issue the Order expeditiously will likely result in serious harm to life, property, or the environment. In such cases, an opportunity for a hearing will be provided as soon as practicable after the issuance of the Order.

After evaluating the foregoing preliminary findings of fact, I find that the continued operation of Respondent's Seaway Crude Pipeline hazardous liquid pipeline system without corrective measures will be hazardous to life, property, and the environment. Additionally, after

considering the age of the pipe, the hazardousness of the product the pipeline transports, the pressure required for transporting the material, the proximity of the pipeline to populated areas, drinking water resources, ecologically sensitive areas and highways, and the ongoing investigation to determine the cause of the pipeline failure, I find that failure to expeditiously issue this Order requiring immediate corrective action would likely result in serious harm to life, property, or the environment.

Accordingly, this Corrective Action Order mandating immediate corrective action is issued without prior notice and opportunity for hearing. The terms and conditions of this Order are effective upon receipt.

Within 10 days of receipt of this Order, Respondent may request a hearing, to be held as soon as practicable, by notifying the Associate Administrator for Pipeline Safety in writing, delivered personally, by mail or by facsimile at (202) 366-4566. The hearing will be held in Houston, Texas or Washington, DC on a date that is mutually convenient to OPS and the Respondent.

After receiving and analyzing additional data in the course of this investigation, OPS may identify other corrective action measures that need to be taken. In that event, Respondent will be notified of any additional measures required and amendment of this Order will be considered. To the extent it is consistent with safety considerations, Respondent will be afforded notice and an opportunity for a hearing prior to the imposition of additional corrective measures.

Required Corrective Action

Pursuant to 49 U.S.C. § 60112, I hereby order Texas Eastern Products Pipeline Company to immediately take the following corrective actions with respect to its Seaway Crude hazardous liquid pipeline system:

1. The operating pressure on the Seaway Crude pipeline system is not to exceed 80 percent (80%) of the actual operating pressure in effect at the failure site just prior to the May 13, 2005 failure. Specifically, the pressure is not to exceed 512 psig. This pressure restriction will remain in effect until written approval to increase the pressure or return the pipeline to its pre-failure operating pressure is obtained from the Director, Southwest Region, OPS. If the results of any action undertaken pursuant to this Order dictate a reduction in the allowable operating pressure below that imposed by this Order, Respondent must further reduce the operating pressure accordingly.

2. Conduct metallurgical testing of the failed pipe sections as follows:

   (A) Obtain prior approval of the testing protocol, from the Director, Southwest Region, OPS;

   (B) Prior to commencing the metallurgical testing, provide the Director, Southwest Region, OPS with the scheduled date, time, and location of the testing to allow an OPS representative to witness it; and

(C) Ensure that the laboratory distributes all resulting metallurgical reports, whether draft or final, to OPS at the same time as they are made available to Respondent.

3. Within 30 days following receipt of this Order, re-evaluate the data from the 1995 MFL tool run, including information obtained from any resulting excavations. Conduct the re-evaluation as follows:

(A) The re-evaluation must focus on the data from the tool(s) most suitable for detecting the condition that was the precursor of the failure based on the findings of the metallurgical analysis;

(B) Determine whether the internal inspection data indicates any anomalies in the vicinity of the failure site that could have contributed to the failure;

(C) If any anomalies at the failure site are indicated by the data, describe the nature and magnitude of the anomalies and report why they were not repaired;

(D) Determine whether any other anomalies of a similar magnitude or nature are present elsewhere on any portion of the Seaway Crude system;

(E) Make the in-line inspection data available to OPS or its representative; and

(F) Within 45 days of receipt of this Order, submit the results of the re-evaluation to the Director, Southwest Region, OPS.

4. Within 45 days of receipt of this Order, develop and submit a written plan with corrective measures for prior approval by the Director, Southwest Region, OPS. The plan must fully address all known or suspected factors that caused or contributed to the May 13, 2005 failure and must include:

(A) The integration of the information developed from the actions required by Items 2 and 3, along with any relevant information from previous failure investigations, leak history, repair records, corrosion control records, in-line inspections, hydrostatic testing, changes in pressure cycling, and other relevant operating data for the purpose of performing a comprehensive analysis of all factors that caused or contributed to the failure;

(B) The performance of appropriate field testing, inspections, and evaluations, including consideration of additional internal inspections, to determine whether and to what extent the condition(s) associated with the failure, or other integrity threatening trends, are present along the remainder of the Seaway Crude system. Include a description of the tools and methods to be used in any field evaluations and the criteria to be used for the prioritization of any integrity threats that are identified. Make the results of any field evaluations available to OPS or its representative;

(C) The performance of appropriate repairs or other corrective measures fully remediating the integrity threatening condition(s) associated with the failure everywhere along the pipeline where such conditions are identified by the evaluation process. Include a description of the repair method(s) to be used in undertaking any repairs or other remedial actions; and

(D) A proposed schedule for completion of the testing and repairs.

5. Submit the plan to: Director, Southwest Region, Office of Pipeline Safety, 8701 South Gessner Street, Suite 1110, Houston, TX 77074. The plan must be revised as necessary to incorporate new information obtained during the failure investigation and remedial activities undertaken pursuant to this Order. Submit any such plan revisions to the Director for prior approval. The Director may approve plan elements incrementally.

6. Implement the plan as it is approved, including any revisions to the plan.

7. The Director, Southwest Region, OPS may allow the removal or modification of the pressure restriction set forth in Item 1 upon a written request from Respondent demonstrating that the hazard has been abated and that restoring the pipeline to its pre-failure operating pressure is justified based on a reliable engineering analysis showing the pressure increase is safe considering all known defects, anomalies and operating parameters of the pipeline.

The Director, Southwest Region, OPS may grant an extension of time for compliance with any of the terms of this Order for good cause. A request for an extension must be in writing.

Respondent may appeal any decision of the Director, Southwest Region, OPS to the Associate Administrator for Pipeline Safety. Decisions of the Associate Administrator shall be final.

The corrective actions required by this Corrective Action Order are in addition to and do not waive any requirements that apply to Respondent's pipeline systems under 49 C.F.R. Part 195.

Failure to comply with this Order may result in the assessment of civil penalties of not more than $100,000 per day and in referral to the Attorney General for appropriate relief in a United States District Court.

Stacey Gerard
Associate Administrator
for Pipeline Safety

MAY 26 2005
Date Issued