



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

1200 New Jersey Ave, S.E.
Washington, D.C. 20590

APR 27 2016

Mr. Vern Meier
President
TC Oil Pipeline Operations Inc.
700 Louisiana Street
Suite 700
Houston, TX 77002-2700

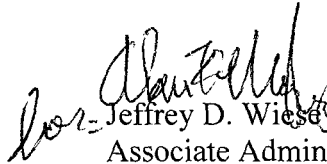
Re: CPF No. 4-2014-5016

Dear Mr. Meier:

Enclosed please find the Final Order issued in the above-referenced case. It withdraws the Notice of Probable Violation that was issued on June 26, 2014. This case is now closed. Service of the Final Order is made pursuant to 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,


Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Rod Seeley, Director, Southwest Region, OPS
Mr. Ken Crawl, Director, Regulatory Compliance, Pipeline Safety & Compliance
TransCanada Corporation, TC Oil PipeLine Operation Inc., 700 Louisiana Street,
Suite 700, Houston, TX 77002

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)

TC Oil Pipeline Operations Inc.,)

Respondent.)
_____)

CPF No. 4-2014-5016

FINAL ORDER

On April 8-11, 2014, 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 inspection of the Houston Lateral pipeline construction project of TC Oil Pipeline Operations Inc. (TC Oil or Respondent) near Mont Belvieu, Texas.¹

As a result of the inspection, the Director, Southwest Region, OPS (Director) issued a Notice of Probable Violation and Proposed Compliance Order on June 26, 2014 (Notice). In accordance with 49 C.F.R. § 190.207, the Notice alleged that Respondent committed a violation of the hazardous liquid pipeline safety standards and proposed certain corrective action be taken.

TC Oil responded by requesting a hearing on July 30, 2014, and by submitting additional written materials on October 6, 2014. In accordance with 49 C.F.R. § 190.211, a hearing was held by telephone conference on October 15, 2014, before a Presiding Official from the Office of Chief Counsel, PHMSA. After the hearing, TC Oil submitted written materials on November 13, 2014, and July 10, 2015. Pursuant to § 190.209(b)(7), the Director submitted a written evaluation of Respondent's response material on May 28, 2015.

WITHDRAWAL OF ALLEGATION

The Notice alleged that Respondent committed a violation of the pipeline safety standards in 49 C.F.R. Part 195, as follows:

¹ TC Oil is a subsidiary of TransCanada PipeLines Limited, operating approximately 1,900 miles of pipeline transporting crude oil from the US-Canada border in North Dakota to locations in Illinois and Texas, as reported by TC Oil for calendar year 2014 pursuant to § 195.49.

Item 1 in the Notice alleged that Respondent violated 49 C.F.R. § 195.202, which states:

§ 195.202 Compliance with specifications or standards.

Each pipeline system must be constructed in accordance with comprehensive written specifications or standards that are consistent with the requirements of this part.

The Notice alleged that Respondent violated § 195.202 by failing to construct its pipeline system in accordance with written procedures consistent with the safety regulations in 49 C.F.R. Part 195. Specifically, the Notice alleged that Respondent's written procedures for bending pipe were inadequate because they failed to mention the type of pipe actually being bent during construction, known as spiral weld seam pipe. In addition, the Notice alleged that during the inspection, OPS requested documentation about the suitability of bending spiral seam pipe using the procedure, but TC Oil provided no documentation.

In its written submissions and at the hearing, Respondent contested the allegation in the Notice and argued that its procedures complied with § 195.202. Respondent also argued its procedures complied with § 195.212, a separate regulation that provides minimum standards for bending pipe. Respondent explained that the procedures applied to all types of pipe and that it was not necessary for the procedures to mention every type of pipe individually. Respondent noted that the regulation for bending pipe also applies to all types of pipe without mentioning them individually. The only seam type mentioned by name in § 195.212 is longitudinal seam pipe.²

Respondent argued further that its procedures were consistent with applicable industry specifications, including ASME B31.4, *Pipeline Transportation Systems for Liquid Hydrocarbons and Other Liquids* and B31.8, *Gas Transmission and Distribution Piping Systems*. Respondent argued these standards do not mention specific types of pipe with respect to bending other than providing additional precautions for longitudinal seams.

Finally, Respondent explained that it provided OPS with material test records showing the transverse weld and bend test results for spiral seam pipe. TC Oil also provided a separate written response regarding how its procedures address bending spiral seam pipe and described other quality assurance measures.

At the hearing, OPS argued that during the inspection, the inspector was unable to determine if TC Oil properly followed its procedures because the procedures were silent on the use of spiral seam pipe. In addition, OPS argued that by not including the type of pipe, the inspector could not determine if the procedures were compliant without additional investigation into the safety of the procedure for the pipe. OPS also contested Respondent's assertion that its procedures were consistent with the cited industry standards.

² Section 195.212(b)(3) states that when bending pipe with a longitudinal weld, the weld must be as near as practicable to the neutral axis of the bend unless certain other conditions are met.

Applicable Safety Standards

Safety regulations for hazardous liquid pipelines include minimum safety standards for construction, which are set forth in 49 C.F.R. Part 195, Subpart D (§§ 195.200–195.266). Under § 195.202, operators must construct their pipelines in accordance with written procedures that are consistent with the safety standards in Subpart D.

Construction standards for bending pipe are prescribed in § 195.212. These standards require pipe bends to have a smooth contour and be free from buckling, cracks, or other mechanical damage. The regulation prohibits wrinkle bends and any bends that would impair the serviceability of the pipe.

Bending requirements in § 195.212 do not differentiate between different seam types, with one exception. The regulation establishes additional requirements for longitudinal seam pipe concerning the position of the weld in relation to the axis of the bend.

Analysis

PHMSA reviews the record to determine if a failure to identify spiral seam pipe rendered Respondent's procedures inconsistent with the requirements of Subpart D.

Section 10 of Respondent's procedures provides specifications for bending pipe. The procedures state that bends must conform to the centerline of the trench and must be performed with the "cold smooth method" using an internal bending mandrel for smooth bends. Specifications are provided for ambient temperatures, distance between a bend and end joints, and maximum deflection. Provisions also require rejection of bends with damage to the pipe or coating and when bends do not meet other criteria. Bends must be free from buckling, flattening, cracks or other evidence of mechanical damage.

Respondent's procedures are consistent with, and in some respects have more detail than the minimum standards specified in § 195.212 for bending pipe. Neither §§ 195.202 nor 195.212 differentiate between how spiral seam pipe must be bent versus other types of seam welds. The only exception in the regulation is for bending longitudinal seam pipe, which is not an issue here.³ All of the other bending requirements in the regulation are applicable regardless of weld seam type. Therefore, not mentioning spiral seam pipe in Respondent's procedures was not inconsistent with the regulation.

Although OPS argued at the hearing that the procedures also failed to have additional details about the bending process, that is an issue more appropriately addressed through a notice of amendment.⁴ Under § 190.206, a notice of amendment may be issued when OPS believes an operator's procedures are "inadequate to assure safe operation." Unlike a notice of probable

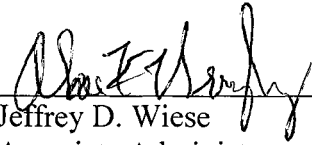
³ The Notice stated that Respondent's procedures already specified in detail the manner in which to bend pipe containing a longitudinal weld.

⁴ See, e.g., Enterprise Products Operating LLC, CPF No. 4-2013-5011, at 4, 2016 WL 1104436, at *3 (Feb. 4, 2016) (withdrawing alleged violation but finding operator should clarify its procedures).

violation, which was issued in this matter, a notice of amendment is not predicated on there being a specific regulatory violation.

In this case, Respondent has demonstrated that its procedures were not in violation of the regulation in the manner alleged by the Notice. Therefore the allegation of violation and proposed compliance order are withdrawn.

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

for 

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

APR 27 2016

Date Issued