

**NOTICE OF PROBABLE VIOLATION
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 24, 2014

Mr. Michael A. Creel
President & CEO
Enterprise Products Operating, LLC
P. O. Box 4324
Houston, TX 77210-4324

CPF 4-2014-5017

Dear Mr. Creel:

On April 17, 2014, Enterprise Products Operating, LLC (Enterprise) experienced an accident which resulted in a flash fire at its Beaumont Terminal Facility located in Beaumont, Texas. Representatives from the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code initiated an accident investigation and review of the work practices used in the activities associated with this accident.

As a result of the inspection, it appears 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. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective.

This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations.

(11) Minimizing the likelihood of accidental ignition of vapors in the areas near facilities identified under paragraph (c)(4) of this section where the potential exists for the presence of flammable liquids or gases.

Enterprise failed to have and execute an adequate job plan for the work being performed at the Beaumont Terminal facility which resulted in the ignition of the flammable vapors in the work area.

On April 17, 2014, Enterprise experienced an accident at their Beaumont Terminal Facility located in Beaumont, Texas. Enterprise was attempting to perform a tie-in to an existing pipeline. The job plan included provisions for testing the environment in the area and work was initiated after the area was cleared. However, during the day, an accumulation of vapors occurred from a leaking valve and were ignited during the course of the completion of the tie-in. The Enterprise PHMSA F7000.1 acknowledged that the job plan execution was deficient.

2. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations.

(6) Minimizing the potential for hazards identified under paragraph (c)(4) of this section and the possibility of recurrence of accidents analyzed under paragraph (c)(5) of this section.

Enterprise failed to follow their procedures to minimize the potential for hazards and the possibility of recurrence of accidents with similar causes related to hot work, job planning, and

flash fires. On April 17, 2014, Enterprise experienced an accident while conducting welding activities resulting in a flash fire at its Beaumont Terminal Facility.

Enterprise Maintenance and Normal Operations Procedure Section 702, *Investigation of Failures* provides for minimizing the potential for hazards identified during accident investigations to include actions to prevent the possibility of recurrence. Specifically, “These procedures establish a program to ensure that all operational failures and accidents involving pipeline facilities shall be investigated and analyzed for the purpose of determining the cause and to minimize the potential for hazards and possibility of recurrence.” The work practices employed by Enterprise have failed to prevent the recurrence for the ignition of flammable vapors on at least five occasions in the past five years (January 2009 – present).

PHMSA Southwest Region met with Enterprise Senior Operations leadership earlier this year to discuss these issues and at that time Enterprise indicated that this issue had been addressed by procedural changes and other corrective actions.

Section 702 also provides for “Consideration should be given to forwarding the “lessons learned” to other operating groups in that it may be helpful in preventing a recurrence of a failure or accident from a similar cause.” PHMSA has observed a repeated failure to recognize the potential existence of flammable vapors which have resulted in fires or detonations that were the direct cause of three fatalities and six injuries in multiple accidents reported under the Enterprise operating umbrella during this same five year time frame. The causes of the majority of the accidents have been reported as incorrect operations.

Enterprise’s failure to prevent recurrence of flash fires during maintenance activities presents a significant threat to the safety of your employee and contractor personnel performing these tasks.

Warning Items

With respect to item 1, 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 item(s). Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to item 2, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Enterprise. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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). 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.

In your correspondence on this matter, please refer to **CPF 4-2014-5017** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

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

cc: Graham Bacon, Group Senior Vice President, Operations
Jeff Morton, Senior Director, Transportation Compliance

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Enterprise a Compliance Order incorporating the following remedial requirements to ensure the compliance of Enterprise with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice, Enterprise shall utilize a third party satisfactory to PHMSA to lead a review and analysis of all incidents and near misses that have occurred over the past five years (January 2009 – present) to identify events involving flash fires, ignition of flammable vapors or detonations, and any other hot-work related events that have occurred on any assets operated under the Enterprise operating entity and compile a list of those accidents and near misses as defined in Enterprise Safety Policies Manual Section 2.4 Incident Investigation. At a minimum, the following events shall be included:

05-12-2009	Searcy, AR	3 Fatalities, 0 Injuries
05-06-2010	Seymour, IN	0 Fatalities, 2 injuries
12-28-2011	Kermit, TX	0 Fatalities, 2 injuries
09-30-2013	Jones Creek, TX	0 Fatalities, 2 injuries
04-17-2013	Beaumont, TX	0 Fatalities, 0 injuries

2. The team shall develop comprehensive proposed Corrective Actions to minimize the possibility of recurrence of flash fires and ignitions of vapors during maintenance projects, pipeline repairs and other operating and maintenance activities carried out by Enterprise.
3. The list of events identified in Item 1 and the Corrective Actions developed under Item 2 (revisions to Operations and Maintenance Procedures and Training Programs) shall be submitted to PHMSA for review and approval no later than 120 days after the issuance of this Final Order.
4. It is requested (not mandated) that Enterprise maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R. M. Seeley, 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.