

**DECEMBER 20, 2013**

Mr. Stanley C. Horton  
Chief Executive Officer  
Gulf South Pipeline Company, LP  
9 Greenway Plaza, Suite 2800  
Houston, Texas 77046

**Re: CPF No. 4-2013-1013**

Dear Mr. Horton:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$235,600, which amount has already been paid by wire transfer dated July 25, 2013. Therefore, this enforcement action is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 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. Rodrick M. Seeley, Director, Southwest Region, OPS  
Mr. Richard Keyser, Senior Vice President, Operations, Gulf South Pipeline Company, LP

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

**U.S. DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, D.C. 20590**

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<b>In the Matter of</b>	)	
	)	
<b>Gulf South Pipeline Company, LP,</b>	)	<b>CPF No. 4-2013-1013</b>
	)	
<b>Respondent.</b>	)	
	)	

**FINAL ORDER**

On February 16, 2011, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), investigated a natural gas release that occurred at Gulf South Pipeline Company, LP’s Carthage Junction Compressor Station in Carthage, Texas. The incident occurred on February 14, 2011. Gulf South Pipeline, LP (Gulf South or Respondent) owns and operates approximately 7,360 miles of natural gas pipelines across Louisiana, Texas, Mississippi, and Alabama.<sup>1</sup>

As a result of the investigation, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated June 5, 2013, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Gulf South had violated 49 C.F.R. §§ 192.167(a) and 192.605(a) and proposed assessing a civil penalty of \$235,600 for the alleged violations.

Gulf South responded to the Notice by letter dated July 24, 2013 (Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$235,600, as provided in 49 C.F.R. § 190.227. Payment of the penalty serves to authorize PHMSA to make findings of violation and to issue this Final Order.

**FINDINGS OF VIOLATION**

In its Response, Gulf South did not contest the allegations in the Notice that it violated 49 C.F.R. Part 192, as follows:

**Item 1:** The Notice alleged that Respondent violated 49 C.F.R. § 192.167(a), which states in relevant part:

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<sup>1</sup> See Pipeline Safety Violation Report (Violation Report), (June 5, 2013) (on file with PHMSA), at 1.

**§ 192.167 Compressor stations: Emergency shutdown.**

(a) Except for unattended field compressor stations of 1,000 horsepower (746 kilowatts) or less, each compressor station must have an emergency shutdown system that meets the following:

(1) It must be able to block gas out of the station and blow down the station piping . . . .

The Notice alleged that Respondent violated 49 C.F.R. § 192.167(a)(1) by failing to have an emergency shutdown (ESD) system to block gas out of the station and blow down the station piping. Specifically, the Notice alleged that during the February 14, 2011 incident at Carthage Junction, the ESD system was activated but did not isolate the station and blow down the station piping. Instead, gas continued to fuel the fire after the ESD system was activated.

In its Response, Gulf South did not contest the allegations and paid the proposed civil penalty. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.167(a)(1) by failing to have an EDS system to block gas out of the station and blow down the station piping.

**Item 2:** The Notice alleged that Respondent violated 49 C.F.R. § 192.605(a), which states, in relevant part:

**§ 192.605 Procedural manual for operations, maintenance, and emergencies.**

(a) *General.* Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. . . .

The Notice also referenced a related regulation dealing with the inspection and testing of relief devices at compressor stations:

**§ 192.731 Compressor stations: Inspection and testing of relief devices.**

(a) . . .

(c) Each remote control shutdown device must be inspected and tested at intervals not exceeding 15 months, but at least once each calendar year, to determine that it functions properly.

The Notice alleged that Respondent violated 49 C.F.R. § 192.605(a) by failing to follow Gulf South's own written procedures for conducting annual inspections of the ESD system at the Carthage Junction Compressor Station. Specifically, Gulf South failed to follow Step 12 of its procedure for emergency shutdown (*WI-12501*). The procedure required Gulf South to document deficiencies discovered during the annual inspections conducted under § 192.731(c). The record shows that Gulf South had deficiencies with its ESD system at the Carthage Junction station insofar as it was not configured properly to block out gas.

In addition, Gulf South acknowledged that it did not conduct inspections annually under § 192.731(c). As stated in a letter to PHMSA dated November 15, 2011, the company

indicated it had completed construction of the compressor station in 2008 and conducted an inspection that year but not in 2009.<sup>2</sup>

In its Response, Gulf South did not contest the allegations and paid the proposed civil penalty. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.605(a) by failing to follow its own written procedures for conducting annual inspections of its ESD systems.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

### **ASSESSMENT OF PENALTY**

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$100,000 per violation for each day of the violation, up to a maximum of \$1,000,000 for any related series of violations. In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; the Respondent's ability to pay the penalty and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$235,600 for the violations cited above.

**Item 1:** The Notice proposed a civil penalty of \$112,500 for Respondent's violation of 49 C.F.R. § 192.167(a)(1), for failing to have an ESD system that could block gas out of the compressor station and blow down the station piping. Gulf South did not contest the proposed civil penalty amount. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$112,500 for violation of 49 C.F.R. § 192.167(a)(1), which amount has already been remitted.

**Item 2:** The Notice proposed a civil penalty of \$123,100 for Respondent's violation of 49 C.F.R. § 192.605(a), for failing to follow its own written procedures for conducting annual inspections of the ESD system. Gulf South did not contest the proposed civil penalty amount. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$123,100 for violation of 49 C.F.R. § 192.605(a), which amount has already been remitted.

In summary, having reviewed the record and considered the assessment criteria for the Items cited above, I assess Respondent a total civil penalty of **\$235,600**, which has been paid in full.

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<sup>2</sup> See Pipeline Safety Violation Report, Exhibit A.

The terms and conditions of this Final Order [CPF No. 4-2013-1013] are effective upon service in accordance with 49 C.F.R. § 190.5.

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Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

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Date Issued