NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER

December 28, 2012

Robert Rose, President
St. Louis Pipeline Company
P.O. Box 35236
Sarasota, FL 34242

CPF 3-2012-5029

Dear Mr. Rose:

On October 3 through October 5, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected the Pipeline Integrity Management Program (IMP), in Hartford, IL.

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 violation(s) are:

1.   **§195.452 Pipeline integrity management in high consequence areas.**

   (i) What preventive and mitigative measures must an operator take to protect the high consequence area?

   (2) Risk analysis criteria. In identifying the need for additional preventive and mitigative measures, an operator must evaluate the likelihood of a pipeline release occurring and how a release could affect the high consequence area. This determination must consider all relevant risk factors, including, but not limited to:

(i) Terrain surrounding the pipeline segment, including drainage systems such as small streams and other smaller waterways that could act as a conduit to the high consequence area;
(ii) Elevation profile;
(iii) Characteristics of the product transported;
(iv) Amount of product that could be released;
(v) Possibility of a spillage in a farm field following the drain tile into a waterway;
(vi) Ditches along side a roadway the pipeline crosses;

St. Louis Pipeline had not adequately addressed release volumes for an operating pipeline. These are currently calculated by the static pipe volumes from valve to valve plus a 5 minute flow rate to account for the maximum leak detection procedure for pipeline shutdown. Each volume assumes total drain up between the valves. Topography or line profiles were not taken into account, or the time it would take to shut the manual valves.

St. Louis Pipeline had not adequately addressed release volumes that may occur during a static situation. These will not be the same as when the pipeline is actively manned and operating because the SCADA is not manned unless the line is running. Without being manned the isolation valves will not be closed causing additional product beyond isolated valves to drain up. Also, the time to respond and close valves are not used in the volume calculations.

St. Louis Pipeline had not adequately addressed overland transport of spill materials. The final estimated spill volumes are not displayed on topographic maps to determine overland transport directions, ditch diversions, or storm sewer access points as additional HCA areas could be affected.

St. Louis Pipeline had not adequately addressed water transport of spill materials. River transport distances, entry points, storm sewers, river velocities, and personnel response times to clean-up access points have not been determined.

2. **§195.452 Pipeline integrity management in high consequence areas.**

(j) What is a continual process of evaluation and assessment to maintain a pipeline's integrity?

(2) Evaluation. An operator must conduct a periodic evaluation as frequently as needed to assure pipeline integrity. An operator must base the frequency of evaluation on risk factors specific to its pipeline, including the factors specified in paragraph (e) of this section. The evaluation must consider the results of the baseline and periodic integrity assessments, information analysis (paragraph (g) of

this section), and decisions about remediation, and preventive and mitigative actions (paragraphs (h) and (i) of this section).

St. Louis Pipeline Company had not performed an adequate evaluation to assure pipeline integrity when hydrostatic testing is used as the sole assessment method. An evaluation should address corrosion, third party damage and other risk factors.

3.   **§195.452 Pipeline integrity management in high consequence areas.**

(j) What is a continual process of evaluation and assessment to maintain a pipeline's integrity?

(3) Assessment intervals. An operator must establish five-year intervals, not to exceed 68 months, for continually assessing the line pipe's integrity. An operator must base the assessment intervals on the risk the line pipe poses to the high consequence area to determine the priority for assessing the pipeline segments. An operator must establish the assessment intervals based on the factors specified in paragraph (e) of this section, the analysis of the results from the last integrity assessment, and the information analysis required by paragraph (g) of this section.

St. Louis Pipeline Company failed to reassess the pipeline within 68 months of the previous assessment. The pipeline was previously assessed in two different sections, one portion was completed on 11-13-2004 and the remainder was on 5-12-2005 and the next assessment was completed on the entire pipeline on 7-13-2011. The assessment of the two section occurred within 78 months and 72 months respectively. This delay in reassessment resulted from a delay in a directional bore and pipeline replacement project. Once the project was completed the line was tested as a single unit.

4.   **§195.452 Pipeline integrity management in high consequence areas.**

(k) What methods to measure program effectiveness must be used? An operator's program must include methods to measure whether the program is effective in assessing and evaluating the integrity of each pipeline segment and in protecting the high consequence areas.

St. Louis Pipeline Company had has not developed methods or measured the effectiveness of their IMP program in assessing and evaluating the integrity of each pipeline segment and in protecting the high consequence areas.

Proposed Compliance Order

With respect to items 1 through 4 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to St. Louis Pipeline. 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. Be advised that all material you submit in response to this enforcement action is subject to being 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 3-2012-5029** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

David Barrett
Director, Central Region
Pipeline and Hazardous Materials Safety Administration

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

PROPOSED COMPLIANCE ORDER

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

1. In regard to Item Number 1 of the Notice pertaining to identifying the pipeline segments that could affect HCA's. St. Louis Pipeline shall calculate release volumes for each operational scenario for all segments. Use the calculated worst case for each segment apply the over land spread and water transport or combination to identify could affect HCA's. Use the information to determine if response procedures need to be modified to mitigate consequence and document any newly identified could affect HCA's.

2. In regard to Item Number 2 of the Notice pertaining to adequate evaluations for assuring pipeline integrity. St. Louis Pipeline shall perform evaluations to address threats on their pipeline and propose additional preventative and mitigative actions.

3. In regard to Item Number 3 of the Notice pertaining to exceeding the maximum assessment interval. St. Louis Pipeline shall develop procedures to assure that assessment intervals shall not be exceeded. Also, procedures need to be developed for notifying PHMSA prior to exceeding the maximum assessment interval.

4. In regard to Item Number 4 of the Notice pertaining to measuring the program's effectiveness. St. Louis Pipeline shall develop procedures to measure the program's effectiveness. Once developed, St. Louis Pipeline shall apply the metrics to determine if additional actions should be taken to ensure the integrity of the applicable pipeline segments.

5. St. Louis Pipeline shall submit a plan with a schedule to perform the compliance requirements above within 30 days of receipt of the Final Order. This plan will require approval of the Regional Director.

6. It is requested that St. Louis Pipeline maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to David Barrett, Director, Central 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.