



June 24, 2011

Wayne T. Lemoi
Director, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration, Southern Region
233 Peachtree Street
Suite 600
Atlanta, GA 30303

Re: Notice of Probable Violation and Proposed Civil Penalty: CPF 2-2011-1006

Dear Mr. Lemoi:

This letter is in response to your *Notice of Probable Violation and Proposed Civil Penalty, and Compliance Order* dated May 17, 2011 ("NOPV"), regarding the Integrated Inspection of Gulf South Pipeline, Co., L.P. ("Gulf South") facilities in Texas, Louisiana, Mississippi and Alabama. This inspection was conducted from June 22, 2009, to October 9, 2009, and it covered both Integrity Management Program (IMP) and non-IMP pipeline safety regulations. However, the NOPV addressed only possible violations of non-IMP matters. Representatives of the Pipeline and Hazardous Materials Safety Administration ("PHMSA") indicated that any probable violations regarding IMP regulations would be addressed in a separate Notice of Probable Violation.

Gulf South does not contest Items 1, 2, 3, 5, 7, 8, 9, 10 and 11 of the NOPV. And Gulf South agrees to pay the penalties associated with Items 1, 2, 5, and 10.

Gulf South does not contest Items 4 and 6; however, Gulf South submits the following additional information for these two items.

PHMSA Item No. 4.

§192.475 Internal corrosion control: General.

... (b) Whenever any pipe is removed from a pipeline for any reason, the internal surface must be inspected for evidence of corrosion. If internal corrosion is found

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Gulf South Pipeline, LP

9 Greenway Plaza, Ste. 2800 Houston, TX 77046 Tel. 713.479.8000 www.gulfsouthpl.com

- (1) The adjacent pipe must be investigated to determine the extent of internal corrosion;
- (2) Replacement must be made to the extent required by the applicable paragraphs of §§192.485, 192.487, or 192.489; and
- (3) Steps must be taken to minimize the internal corrosion.

Gulf South did not inspect pipe it removed from its pipeline during hot tapping for evidence of internal corrosion. Work Order No. 23660726 dated February 20, 2009, in the Bistineau-Clarence area did not indicate that a removed coupon from the 8-inch Tristate Tap was examined for the presence of internal corrosion. Moreover, Gulf South's procedures did not specifically require Gulf South to examine removed pipe coupons for evidence of internal corrosion.

Gulf South Response: *Gulf South's procedures do specifically require Gulf South to examine removed pipe coupons for evidence of internal corrosion. Section 6.1: Scheduled Tests and Measurements, of Gulf South's Operations and Maintenance manual provides as follows:*

Locations where corrosive gas exists shall be determined. The corrosive effect the gas may have on the pipeline shall be investigated, and steps shall be taken to minimize internal corrosion.

Whenever a pipeline or other operational equipment (sludge catcher, separators, compressors, etc.) is opened for any reason and is available for visual inspection:

- It shall be visually inspected for internal corrosion.*
- Test results shall be reported on the Buried Pipe Inspection Form, and the form shall be submitted to the appropriate Supervisor and appropriate corrosion technician.*

If any indication of internal corrosion is observed, including pitting on an orifice plate or inside a meter tube:

- The adjacent piping shall be inspected to determine the extent of internal corrosion.*
- Replacement shall be made to the extent required in Chapter 10.*
- Action shall be taken to minimize the internal corrosion.*

When internal corrosion is observed, or if a corrosive gas is being transported, coupons or other monitoring devices shall be used to determine the effectiveness of the steps taken to minimize internal corrosion. Each coupon or other means of monitoring internal corrosion shall be checked at least twice each calendar year, at intervals not to exceed 7-½ months.

See Attachment 1.

PHMSA Item No. 6.

§192.603 General provisions.

... (b) Each operator shall keep records necessary to administer the procedures established under §192.605.

Gulf South did not keep adequate records necessary to administer the procedures in its written operations and maintenance (O&M) manual as required by §192.605 as follows:

- Records relating to the application of protective underground pipe coatings as required by §192.461 :
 - No record of the replaced pipe coating or the tie-in joint coating was found for the leak repair pipe replacement at MP 77.4 on the Index 381, 18-inch, pipeline on February 3, 2007 (Work Order 23479146).
 - No record was found of the coating applied on a new cad-weld that was installed on November 11, 2008, on Index 818 at MP 31.288 (Work Order 23660793). The cad-weld was remotely installed (from ground surface) by a contractor.
 - Gulf South's Jackson, MS, area records did not adequately document that the coating used on pipe repairs met the requirements for external corrosion control protective coatings. That is, bell-hole inspection reports for work orders 23451103, 23451099, 23470476, and 23451102 each exhibited one or more of the following documentation deficiencies: hand-applied FBE when 2-part epoxy was used, no surface preparation, and/or no field joint coating relating to pipe replacement.
- Records relating to the determination of the strength of pipe based on actual remaining wall thickness as required by §192.485(c):
 - Gulf South recorded, on maintenance reports, an incorrect safe pressure (*strength of pipe based on remaining wall thickness*) of 447 psig relating to external corrosion found at MP 2.056 on the Index 129 pipeline. Both the *Buried Pipeline Inspection Form* and the work order system-generated (Maximo system) bell hole inspection *Work Order Details Report* (Work Order #23528620) indicated a safe pressure of 447 psig. That is, the *Buried Pipeline Inspection Form* showed a calculated safe pressure of 960 psig scratched through, and a value of 447 psig entered in its place. Gulf South did not recognize that this recorded safe pressure was 333 psig lower than the established MAOP of 780 psig, and improperly entered it into its Maximo system. Because the scratch-through on the *Buried Pipeline Inspection Form* was not initialed, Gulf South could not identify who made the change, and did not provide a reason for the change. During the PHMSA

inspection on July 29, 2009, Gulf South re-calculated the correct maximum safe pressure to be 936 psig using ASME/ANSI B31 G. This pressure was 156 psig above the pipeline MAOP of 780 psig.

- Records relating to the training of gas control personnel for emergency response per § 192.615(b)(2):
 - Gulf South did not provide records showing that its gas control personnel were adequately trained. PHMSA inspectors reviewed Gulf South's Event Notification Report records, but the PHMSA inspection team could not determine if Gulf South's gas control personnel were adequately trained for emergency response. Gulf South personnel stated during the inspection that they intended to start the documentation of gas controller training for emergency response purposes.
- Records relating to the review of gas control personnel activities to determine whether emergency procedures were effectively followed per §192.615(b)(3):
 - Gulf South did not provide any records that demonstrated that a review of its gas controllers' activities was conducted after each emergency to determine whether the procedures were effectively followed. Gulf South personnel indicated this had been done on a verbal basis in the past, and stated their intent to enhance the documentation of these processes.

Gulf South Response: *Gulf South does have records indicating that the coating applied on a new cad-weld that was installed on November 11, 2008, on Index 818 at MP 31.288 (Work Order 23660793).*

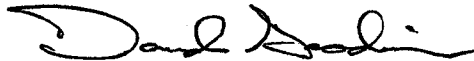
See attachment 2.

A wire transfer in the amount of Seventy Seven Thousand Three Hundred Dollars (\$77,300) was made on June 24, 2011 for payment of the penalties associated with Items 1, 2, 5 and 10.

Wayne T. Lemoi
June 24, 2011
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If you have any questions or comments, I can be reached at (713) 479-8235 or by e-mail at david.goodwin@bwpmlp.com.

Sincerely,

A handwritten signature in black ink, appearing to read "David Goodwin". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

David Goodwin
Vice President, Compliance & Operations Services

JRR/wo

Enclosures