



U.S. Department  
of Transportation

8701 S. Gessner, Suite 1110  
Houston, TX 77074

Pipeline and  
Hazardous Materials  
Safety Administration

**NOTICE OF PROBABLE VIOLATION  
PROPOSED CIVIL PENALTY  
and  
PROPOSED COMPLIANCE ORDER**

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

May 7, 2007

Mr. Terry Hurlburt  
Vice-President, Eastern Operations  
Enterprise Products Operating, LP  
2727 North Loop West  
Houston, TX 77008-1044

**CPF 4-2007-5015**

Dear Mr. Hurlburt:

During the months of February, April and May, 2005 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, conducted pipeline safety inspections of Enterprise Products Operating, LP (Enterprise) facilities and records pertaining to the Four Corners Area System, Hobbs Area East & West Systems, Skellytown Area Systems and the Cameron Highway Oil Pipeline system..

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. **§195.406 Maximum operating pressure.**
  - (b) **No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.**

Enterprise could not show evidence that surge pressures had been considered on all of their pipelines. Enterprise should be able to show that their pipelines are adequately protected and that surge pressures have been considered on all of their pipelines.

**2. §195.410(a)(1) Line markers**

**(a) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following:**

**(1) Markers must be located at each public road crossing, at each railroad crossing, and in sufficient number along the remainder of each buried line so that its location is accurately known.**

Enterprise does not have sufficient markers to adequately mark their pipelines. When crossing cultivated agricultural fields, often the markers on the far side of the field could not be seen. From valve sites, looking in both directions, the next marker for the pipeline could not be seen. The lack of pipeline marking is a widespread problem with the Enterprise pipelines that were inspected.

**3. §195.420 Valve maintenance**

**(c) Each operator shall provide protection for each valve from unauthorized operation and from vandalism.**

During the inspections it was noted that Enterprise uses a mixture of methods of complying with 195.420c. The CHOPS Pipeline has installed locked chain link fencing around the valves or locating the valves within secured facilities. The methods of protection used in the six Enterprise units that were inspected, range from no fencing or security, to pipe post and beam enclosures with locked valves, to cyclone fencing with barbed wire around top, to enclosing the valves in welded steel plate, and covering the entire valve with concrete.

A review of your procedures by our inspector did not reveal a plan or procedure to consistently specify the method of security for valve sites that is acceptable to you. Enterprise should review their program, procedures, and facilities to ensure they are consistent and compliant with this regulation.

**4. §195.432 Breakout tanks.**

**(a) Except for breakout tanks inspected under paragraphs (b) and (c) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, inspect each in-service breakout tank.**

**(b) Each operator shall inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to section 4 of API Standard 653. However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under §195.402(c)(3).**

**(c) Each operator shall inspect the physical integrity of in-service steel aboveground breakout tanks built to API Standard 2510 according to section 6 of API 510.**

**(d) The intervals of inspection specified by documents referenced in paragraphs (b) and (c) of this section begin on May 3, 1999, or on the operator's last recorded date of the inspection, whichever is earlier.**

Enterprise had not set up an API-653 and/or API-510 inspection program, as required by §195.432. Enterprise could not demonstrate that breakout tanks have been inspected per the regulation.

5. **§195.573 What must I do to monitor external corrosion control?**
- (a) **Protected pipelines. You must do the following to determine whether cathodic protection required by this subpart complies with Sec. 195.571:**
1. **Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.**
- (d) **Breakout tanks. You must inspect each cathodic protection system used to control corrosion on the bottom of an aboveground breakout tank to ensure that operation and maintenance of the system are in accordance with API Recommended Practice 651. However, this inspection is not required if you note in the corrosion control procedures established under Sec. 195.402(c)(3) why compliance with all or certain operation and maintenance provisions of API Recommended Practice 651 is not necessary for the safety of the tank.**

Enterprise is just beginning to implement surveys that consider IR drop. There is not dedicated Cathodic Protection (CP) for tank bottoms, and the tank bottoms are not surveyed during annual Cathodic Protection survey. The first interrupted survey (to account for IR drop) was being conducted on the Four Corners Pipeline, during the 2005 DOT inspection.

6. **§195.579 What must I do to mitigate internal corrosion?**
- (a) **General. If you transport any hazardous liquid or carbon dioxide that would corrode the pipeline, you must investigate the corrosive effect of the hazardous liquid or carbon dioxide on the pipeline and take adequate steps to mitigate internal corrosion.**

Enterprise has not done investigations to determine whether there is internal corrosion or the potential for internal corrosion. Enterprise has performed little monitoring, and has not done inspections to investigate whether there could be internal corrosion. The investigation of internal corrosion appears to be based upon internal coupons, which are improperly located on pipelines, and no other evidence could be produced. No records of internal inspection of removed pipe could be located.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violations persists up to a maximum of \$1,000,000 for any related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$31,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$31,000

Warning Items

With respect to item #3, 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 this item. Be advised that failure to do so may result in Enterprise being subject to additional enforcement action.

Proposed Compliance Order

With respect to items 1, 2, 4, 5, and 6 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Enterprise Products Operating, L.P. 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 4-2007-5015** 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*

## PROPOSED COMPLIANCE ORDER

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

1. Perform an audit to ensure Enterprise is in compliance with §195.406(b). This audit shall consist of:
  - Demonstrate that all of Enterprise's pipelines listed in this letter are protected from overpressure from surges or other variations from normal operations and that they are in compliance with applicable procedures.
  - Based upon the review, develop a plan for installation of adequate controls and protective equipment to protect the pipelines and control the pressure within this limit.
  
2. Perform an audit to ensure Enterprise is in compliance §195.410(a)(1). This audit shall consist of:
  - Survey of your pipeline markers throughout the Enterprise's pipeline system. The survey is to evaluate the line markers currently posted along the right-of-way as well as identify those areas where additional markers are needed. The survey shall also ensure markers comply with applicable procedures.
  - Based upon the review and survey develop a plan for replacement/installation of the line markers to bring Enterprise into compliance.
  
3. Perform an audit to ensure Enterprise is in compliance §195.432. This audit shall consist of:
  - Survey all break out tanks, on all of Enterprise's pipelines listed in this letter.
  - Based upon review and survey, develop a plan for API 653 and API 510 inspection programs to bring Enterprise into compliance.
  
4. Perform an audit to ensure Enterprise is in compliance §195.573(a). This audit shall consist of:
  - Survey all applicable segments of Enterprise's pipelines to insure that cathodic protection testing meets applicable criteria, and that the pipelines are protected.
  - Based upon the review and survey, develop a plan for conducting cathodic protection surveys to bring Enterprise into compliance, and ensure that all pipelines are protected by adequate cathodic protection.
  
5. Perform an audit to ensure Enterprise is in compliance §195.579(a). This audit shall consist of:
  - Survey all applicable facilities and segments of Enterprise's pipelines to ensure that internal corrosion inspection, testing and monitoring meet applicable criteria, and that the pipelines are protected from internal corrosion.
  - Based upon the review and survey, develop a plan for conducting internal

corrosion surveys to bring Enterprise into compliance.

6. a. Results of surveys and plans, with time tables, must be submitted within 30 days following the receipt of the Final Order.  
b. All items shall be completed within 365 days following the receipt of the Final Order.
  
7. Enterprise shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Rod Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. Costs shall 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.