

**March 12, 2015**

Mr. Michael J. Hennigan  
President and Chief Executive Officer  
Sunoco Logistics Partners L.P.  
1818 Market Street, Suite 1500  
Philadelphia, Pennsylvania 19103

**Re: CPF No. 4-2015-5005H**

Dear Mr. Hennigan:

Enclosed is a Corrective Action Order issued in the above-referenced case. It requires your subsidiary, West Texas Gulf Pipe Line Company, to take certain corrective actions with respect to the West Texas Gulf System #1, Unit 8514, Blum to Wortham Segment, which failed on February 25, 2015, at mile post (MP) 257 in Navarro County near the Town of Dawson, Texas. Service is being made by certified mail and facsimile. Service by electronic transmission is deemed complete upon transmission and acknowledgement of receipt, or as otherwise provided under 49 C.F.R. § 190.5. The terms and conditions of this Order are effective upon completion of service.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

Enclosure

cc: Ms. Linda Daugherty, Deputy Associate Administrator for Field Operations, OPS  
Mr. R. M. Seeley, Director, Southwest Region, OPS  
Mr. David Chalson, Vice President, Operations, Sunoco Logistics Partners L.P.,  
4041 Market Street, Aston, PA 19014  
Mr. Todd Nardoizzi, DOT Compliance Manager, Sunoco Logistics Partners L.P.

**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>	)	
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<b>West Texas Gulf Pipe Line Company,</b>	)	<b>CPF No. 4-2015-5005H</b>
<b>  a subsidiary of Sunoco Logistics</b>	)	
<b>  Partners L.P.,</b>	)	
	)	
<b>Respondent.</b>	)	
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**CORRECTIVE ACTION ORDER**

**Purpose and Background:**

This Corrective Action Order (Order) is being issued under the authority of 49 U.S.C. § 60112 to require West Texas Gulf Pipe Line Company (West Texas Gulf or Respondent), a subsidiary of Sunoco Logistics Partners L.P., to take the necessary corrective actions to protect the public, property, and the environment from potential hazards associated with the recent failure on Respondent’s West Texas Gulf Pipeline.

On February 25, 2015, a reportable accident occurred on the West Texas Gulf Pipeline System #1, Unit 8514, at mile post (MP) 257 on the Blum to Wortham Segment, resulting in the release of approximately 50 barrels of crude oil (Failure). The West Texas Gulf Pipeline is approximately 580 miles in length and transports crude oil from Colorado City, Texas, to terminals in Longview and Nederland, Texas. The probable cause of the Failure is external metal loss due to corrosion. Pursuant to 49 U.S.C. § 60117, the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), initiated an investigation of the accident. The preliminary findings of the ongoing investigation are as follows.

**Preliminary Findings:**

- Respondent, a wholly-owned subsidiary of Sunoco Logistics Partners L.P., operates approximately 580 miles of pipeline and delivers crude-oil from Colorado City, Texas, to terminals in Longview and Nederland, Texas.
  
- Sunoco Logistics Partners L.P. (Sunoco Logistics) is a master limited partnership and parent company of Respondent. Sunoco Logistics’ crude-oil Pipeline System consists of

approximately 5,300 miles of crude-oil trunk pipelines for high-volume, long-distance transportation, and approximately 500 miles of crude-oil gathering lines that supply the trunk lines. Sunoco Logistics' general partner is owned by Energy Transfer Partners, L.P.<sup>1</sup>

- The Affected Segment was originally constructed in 1952. It consists of Grade X-46 26-inch diameter seamless pipe manufactured by National Tube and has a wall thickness of 0.312," with a coal tar coating. It transports crude-oil from Blum, Texas, to Wortham, Texas, a distance of approximately 63 miles (Affected Segment).
- The maximum operating pressure (MOP) of the pipeline is 750 psig. The MOP was established using a risk-based alternative to hydrotesting. The operating pressure at the time of the Failure was 625 psig.
- At approximately 12:00 a.m. Central Time (C.T.), on February 25, 2015, a Failure occurred on the Affected Segment at MP 257 near the Town of Dawson, Texas (Failure Site). The failed pipeline segment is a 26-inch diameter line. The release occurred downstream of the company's Blum Pump Station and upstream of the Wortham Pump Station.
- As a result of the Failure, approximately 50 barrels of crude-oil flowed onto the ground and approximately 1 barrel of crude oil flowed into a nearby pond. The Failure was reported to the National Response Center (NRC Report # 1109008) on February 25, 2015, at approximately 3:33 a.m. Eastern Time (E.T.).
- Respondent was notified of the release at approximately 12:00 a.m. C.T. when local emergency responders contacted the Sunoco Logistics Control Room to report crude oil being released at Farm to Market (FM) Road 709 in Navarro, Texas. The report indicated that crude-oil was being released from a casing vent onto the ground and in the bar ditch adjacent to the pipeline crossing in that location.
- In response, Respondent shut down the pump units and immediately dispatched field personnel to the Failure Site. Once on-site, Respondent's field personnel deployed booms and stationed vacuum trucks to collect oil from the roadway bar ditches, an adjacent field, and a pond.
- The probable cause of the Failure is external metal loss due to corrosion.
- The accident did not cause any known fatalities, injuries, or evacuations.
- As a result of the Failure, the Farm to Market Road 709 was temporarily closed so that Respondent's field personnel could collect oil from the roadway. Additionally, approximately 1 barrel of crude oil reached a nearby pond, and some oil traveled to an adjacent field. The Failure Site is located in Navarro County, Texas, which has a

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<sup>1</sup> See <http://www.sunocologistics.com/Investors/Company-Information/32/> (last accessed March 9, 2015).

population of approximately 48,000 people. Specifically, the release occurred near the Town of Dawson, which has a population of approximately 800 people.

- PHMSA, Southwest Region (SW), Office of Pipeline Safety (OPS), made initial contact with Respondent on February 25, 2015. Respondent advised PHMSA, SW, OPS, that it would be notified prior to the pipeline being placed back in service.
- On February 25, 2015, Respondent exposed the pipeline and began repairs. At that time, an 80% metal loss anomaly was discovered in close proximity to the Failure location on the same pipeline joint.
- During repair of the failure location, Respondent installed a leak clamp on the newly-discovered 80% metal loss anomaly.
- On February 26, 2015, Respondent returned the line to service at full operating pressure without notice to PHMSA, SW, OPS.
- PHMSA, SW, OPS, requested repair records and In-line Inspection (ILI) data from the Respondent and reviewed them between February 27, 2015, and March 6, 2015.
- According to Respondent's ILI data, the Affected Segment was inspected in 2006 and 2011 using ILI tools to perform an assessment of the geometry and metal loss conditions of the pipeline. The next assessment was scheduled for 2016.
- Further review revealed that there was 17% metal loss at the site of the Failure in 2006 and that by 2011 the metal loss had grown to 68%. The corrosion growth rate for this feature predicted failure prior to Respondent's next scheduled assessment in 2016.
- The newly-discovered 80% metal loss anomaly was not identified in the 2011 assessment.
- The cause and proliferation of the accelerated metal loss growth rates along the Affected Segment is unknown at this time.
- Review of Respondent's repair records revealed that the leak clamp used to repair the newly-discovered 80% metal loss anomaly was not installed in accordance with the manufacturer's specifications and was not an appropriate application with respect to this type of anomaly.
- Upon subsequent questioning by PHMSA, Respondent chose to take a voluntary 20% operating pressure reduction and committed to removal of the 80% metal loss anomaly repair on March 6, 2015.<sup>2</sup>

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<sup>2</sup> See Sunoco Logistics Partners L.P. email and attachments, (March 6, 2015).

**Determination of Necessity for Corrective Action Order and Right to Hearing:**

Section 60112 of Title 49, United States Code, provides for the issuance of a Corrective Action Order, after reasonable notice and the opportunity for a hearing, requiring corrective action, which may include the suspended or restricted use of a pipeline facility, physical inspection, testing, repair, replacement, or other action, as appropriate. The basis for making the determination that a pipeline facility is or would be hazardous, requiring corrective action, is set forth both in the above-referenced statute and 49 C.F.R. § 190.233, a copy of which is enclosed.

Section 60112 and the regulations promulgated thereunder provide for the issuance of a Corrective Action Order, without prior notice and opportunity for hearing, upon a finding that failure to issue the Order expeditiously would result in the likelihood of serious harm to life, property, or the environment. In such cases, an opportunity for a hearing and expedited review will be provided as soon as practicable after the issuance of the Order.

After evaluating the foregoing preliminary findings of fact, I find that continued operation of the pipeline without corrective measures is or would be hazardous to life, property, or the environment. Additionally, having considered the nature of the failure; the unexplained accelerated metal loss growth rates; the existence of at least one immediate repair anomaly not previously identified; the location of the failure; the proximity to a public roadway and pond; the age of the pipeline, and the threat of further failures and detrimental environmental impact due to uncertainty in Respondent's integrity management processes along this segment, I find that a failure to issue this Order expeditiously to require immediate corrective action would result in the likelihood of serious harm to life, property, or the environment.

Accordingly, this Corrective Action Order mandating immediate corrective action is issued without prior notice and opportunity for a hearing. The terms and conditions of this Order are effective upon receipt.

Within 10 days of receipt of this Order, Respondent may contest its issuance obtain expedited review either by answering in writing or requesting a hearing under 49 C.F.R. § 190.211, to be held as soon as practicable under the terms of such regulation, by notifying the Associate Administrator for Pipeline Safety in writing, with a copy to the Director, Southwest Region, PHMSA (Director). If Respondent requests a hearing, it will be held telephonically or in-person in Southwest Region Office or Washington, D.C.

After receiving and analyzing additional data in the course of this investigation, PHMSA may identify other corrective measures that need to be taken. In that event, PHMSA will notify Respondent of any additional measures that are required and an amended Order issued, if necessary. To the extent consistent with safety, Respondent will be afforded notice and an opportunity for a hearing prior to the imposition of any additional corrective measures.

**Required Corrective Actions:**

Pursuant to 49 U.S.C. § 60112, I hereby order West Texas Gulf to immediately take the following corrective actions for the Affected Segment:

Definitions:

“Affected Segment” – The “Affected Segment” means approximately 63 miles of West Texas Gulf’s 26-inch pipeline designated as the Blum to Wortham segment located in rural East Texas.

“Director” – “Director” means the Director, Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety, Southwest Region, 8701 South Gessner, Suite 1110, Houston, Texas 77074.

1. **Operating Pressure Restriction.** Respondent must maintain a twenty percent (20%) pressure reduction in the actual operating pressure along the Affected Segment such that the operating pressure on this segment will not exceed eighty percent (80%) of the actual operating pressure in effect immediately prior to the failure on February 25, 2015.
  - a. This pressure restriction is to remain in effect until written approval to increase the pressure or return the pipeline to its pre-failure operating pressure is obtained from the Director.
  - b. This pressure restriction requires any relevant remote or local alarm limits, software programming set-points or control points, and mechanical over-pressure devices to be adjusted accordingly.
2. **Removal of Pressure Restriction.**
  - a. The Director may allow the removal or modification of the pressure restriction upon a written request from Respondent demonstrating that restoring the Affected Segment to its pre-failure operating pressure is justified, based on a reliable engineering analysis showing that the pressure increase is safe, considering all known defects, anomalies, and operating parameters of the pipeline.
3. **Mechanical and Metallurgical Testing.** Within 30 days of receipt of this Order, West Texas Gulf must complete mechanical and metallurgical testing and failure analysis of the failed pipe, including an analysis of water samples and any foreign materials related to the casing and pipeline failure environment. Complete the testing and analysis as follows:
  - a. Within 10 days of receipt of this Order, develop and submit the testing protocol and the proposed testing laboratory to the Director for prior approval.
  - b. Provide the Director with the scheduled date, time, and location of the testing to allow for an OPS representative to witness the testing.
  - c. Ensure the testing laboratory distributes all reports whether draft or final in their entirety to the Director at the same time they are made available to Respondent.
4. **Root Cause Failure Analysis (RCFA).** Within 45 days following receipt of the final report from the metallurgical testing laboratory, Respondent must submit a Report summarizing the results of the Root Cause Failure Analysis performed by the Respondent or its Third Party. The Root Cause Failure Analysis shall include, at a

minimum, a structured method to evaluate the causal factors and perform an investigation of the following management processes and the role they may have had in the failure:

- a. Respondent's ILI specifications and instructions to its vendors and the timing and detail of the information provided by the ILI vendor;
- b. Respondent's evaluation of corrosion growth rates, interaction criteria, evaluation of ILI vendor data, determination of assessment schedules, processes to confirm assumptions used in determining the assessment schedules (corrosion growth rates, tool uncertainty, correlation, etc.); and
- c. Respondent's proposed corrective actions, including revisions to its Integrity Management Plan and Pipeline Repair Procedures, as necessary, to prevent recurrence of such a failure.

## **5. Remedial Work Plan.**

- a. Within 15 days following submittal of the Root Cause Failure Analysis Report, Respondent must submit a Remedial Work Plan (RWP) to the Director for approval.
- b. The Director may approve the RWP incrementally without approving the entire RWP.
- c. Once approved by the Director, the RWP will be incorporated by reference into this Order.
- d. The RWP must specify the tests, inspections, assessments, evaluations, and remedial measures Respondent will use to verify the integrity of the Affected Segment. It must address all known or suspected factors and causes of the February 25, 2015 failure.
- e. The RWP must include a procedure or process to:
  - i. Perform an ILI inspection of the Affected Segment.
  - ii. Evaluate the results of the ILI inspection using appropriately conservative interaction criteria and corrosion growth rates to determine the features to be evaluated by direct examination, and the next assessment schedule.
  - iii. Revise procedures, as identified in the RCFA Report, and complete training of personnel on the revised procedures.
  - iv. Integrate the results of the metallurgical testing, root cause failure analysis, and other corrective actions required by this Order with all relevant pre-existing operational and assessment data for the Affected Segment.
  - v. Determine if conditions similar to those contributing to the failure on February 25, 2015 are likely to exist elsewhere on the West Texas Gulf Pipeline.
- f. Describe the inspection and repair criteria Respondent will use to prioritize, excavate, evaluate, and repair anomalies, imperfections, and other identified integrity threats along the Affected Segment. Include a description of how any defects will be graded and a schedule for repairs or replacement.
- g. Respondent shall include a proposed schedule for completion of the activities included in the RWP.

- h. Respondent must revise the RWP as necessary to incorporate new information obtained during the failure investigation and remedial activities, to incorporate the results of actions undertaken pursuant to this Order, and/or to incorporate modifications required by the Director.
- i. Submit any plan revisions to the Director for prior approval.
- j. Respondent shall implement the RWP as it is approved by the Director, including any revisions to the plan.

**6. Monthly Reports to the Director.** Respondent shall submit written reports to the Director, detailing the status of the work associated with this Order, and providing a list of upcoming work involving live-line welding, tie-ins or other activities that will involve the submittal of Job Plans to the Director for approval. The first Report will be due April 15, 2015, and monthly thereafter, on the 15<sup>th</sup> of each month until such time that the schedule is adjusted and approved by the Director or this Order is closed.

**Other Requirements:**

1. *Reporting.* Submit monthly reports to the Director that: (1) include all available data and results of the testing and evaluations required by this Order; and (2) describe the progress of the repairs or other remedial actions being undertaken. The first monthly report is due on April 15, 2015. The Director may change the interval for the submission of these reports.
2. *Documentation of Costs.* It is requested but not required that Respondent maintain documentation of the costs associated with implementation of this Order. Include in each monthly report the to-date total costs associated with: (1) preparation and revision of procedures, studies and analyses; (2) physical changes to pipeline infrastructure, including repairs, replacements and other modifications; and (3) environmental remediation, if applicable.
3. *Approvals.* With respect to each submission requiring the approval of the Director, the Director may: (a) approve the submission in whole or in part; (b) approve the submission on specified conditions; (c) modify the submission to cure any deficiencies; (d) disapprove the submission in whole or in part and direct Respondent to modify the submission; or (e) any combination of the above. In the event of approval, approval upon conditions, or modification by the Director, Respondent shall proceed to take all action required by the submission, as approved or modified by the Director. If the Director disapproves all or any portion of a submission, Respondent must correct all deficiencies within the time specified by the Director and resubmit it for approval.
4. *Extensions of Time.* The Director may grant an extension of time for compliance with any of the terms of this Order upon a written request timely submitted and demonstrating good cause for an extension.

The actions required by this Corrective Action Order are in addition to and do not waive any requirements that apply to Respondent's pipeline system under 49 C.F.R. Part [195, 193, 192],



under any other order issued to Respondent under authority of 49 U.S.C. § 60101, *et seq.*, or under any other provision of Federal or State law.

Respondent may appeal any decision of the Director to the Associate Administrator for Pipeline Safety. Decisions of the Associate Administrator shall be final.

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).

Failure to comply with this Order may result in the assessment of civil penalties and in referral to the Attorney General for appropriate relief in United States District Court pursuant to 49 U.S.C. § 60120.

In your correspondence on this matter, please refer to CPF No. 4-2015-5005H and for each document you submit, please provide a copy in electronic format whenever possible.

The terms and conditions of this Corrective Action Order are effective upon receipt.

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Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

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Date Issued