



U.S. DEPARTMENT OF ENERGY

State/Congressional Advisory

EVENT	Colonial Pipeline System Gasoline Disruption near Helena, Alabama
DATE	Tuesday, November 01, 2016 6:15 PM EDT
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TYPE	Initial Report

GOVERNMENT TO GOVERNMENT USE ONLY

KEY UPDATES

- On October 31, at 3 PM EDT, a crew working on Colonial's gasoline pipeline (Line 1) in Shelby Co. experienced an incident when the trackhoe it was operating hit the pipeline causing a fire. Local emergency responders have now contained the fire on Colonial Pipeline's Line 1, and are allowing it to burn under the supervision of local fire and emergency management personnel.
- Colonial expects to conduct a damage assessment in 24-36 hours once the fire is extinguished and the area is deemed safe.
- Line 2 restarted at 12:45 AM EDT, November 1, but is currently operating at reduced rate. Colonial plans to perform an assessment on Line 2 tomorrow in order to return the line to full rates, however this is not certain because, as mentioned, Colonial has yet to gain access to the incident site.
- Colonial is also shutting down various spur lines on the southern and northern mainline systems between now and Friday due to the lack of gasoline in the pipeline. Potential inventory impacts can be expected in the Northeast by Friday. The Southeast should expect impacts sooner. Many dates and times being reported in the media are used by the company for planning purposes, and the projected restart date will become more clear once Colonial is able to conduct a damage assessment. The media information is likely from a Colonial bulletin to shippers indicating current contract delivery schedules were drafted based on a restart time of 12:00 pm EDT, Saturday, November 5. To reiterate, this time is a placeholder and may not reflect the actual restart time, but there will be better information once the damage assessment is complete.
- Colonial believes gasoline markets that were previously affected by the September shutdown will be similarly affected by the current shutdown.
- EIA data shows state inventories have been building in the last 4 weeks, and are on average 8 to 9 percent above the level before the September 2016 pipeline incident.
- States received a situation update from OE/ISER and were provided with an inventory overview by EIA. States reported they are considering issuing hours of service, fuel blend, and other waivers to alleviate supply concerns, but are waiting for more inventory data and Colonial's restart timeline.
- Tomorrow, November 2, EIA will publish inventory data from October 28th in the recurring This Week in Petroleum report.
- OE/ISER will conduct daily calls with the Colonial Pipeline Company and the State Energy Emergency Assurance Coordinators to maintain situational awareness and assist with gaps or short falls caused by the incident.

INCIDENT SUMMARY

Colonial Pipeline Company shut down its main gasoline and distillate pipelines – Lines 1 and 2 – on Monday, October 31 after a large explosion and fire occurred near the location where Line 1 leaked 6,000 – 8,000 barrels of gasoline in September. Colonial reported to DOT that Line 1 was struck by a trackhoe while contractors were

preparing to conduct a nitrogen purge as part of the plan to return the repaired section of Line 1 to service. Gasoline was ignited causing a large fire, which was still burning as of 11:45 a.m. EDT, October 31. The Line 2 right-of-way is approximately 30 feet from Line 1 and is buried with significant cover. Line 2 was unaffected by the explosion and was restarted by 12:45 p.m. EDT at reduced capacity. On October 17, Colonial notified its shippers of temporary volume reductions over a 10-day timeframe to allow crews to remove the Line 1 bypass that was constructed as a contingency measure during the September Line 1 outage.

According to the Alabama Governor, state resources were in-place to contain the fire, and had evacuated the area around a 3-mile radius to let the flames burn off naturally. Response crews built an 8-foot dirt containment berm spanning 80 feet to contain wildfires sparked by the explosion covering approximately 32 acres. DOT deployed an investigator to the site on October 31 and expects to have more detailed information once field coordination procedures have been established.

DOE ACTIONS

OE/ISER has established an incident coordination plan to manage information sharing among key stakeholders. Beginning Tuesday, November 01, OE/ISER initiated daily calls with Colonial Pipeline Company. EIA and OE/ISER will reach out to other private infrastructure operators and oil industry stakeholders to establish lines of communication and gather information if the situation deems necessary.

DOE will leverage the Energy Emergency Assurance Coordinators (EEAC) agreement to conduct conference calls with affected states along the Eastern Seaboard and in the Southeast. OE/ISER will continue to organize DOE’s internal coordination for messaging and potential response efforts through situational updates and spot reporting.

Interagency outreach has been strong and coordination between CI, PA, and OE/ISER has occurred with DOT, PHMSA, and the DHS Office of Infrastructure Protection.

STATE WAIVERS

Four states have active emergency declarations that waive Hours of Service (HOS) regulations for truck drivers delivering gasoline and other fuels. Emergency declarations stemming from Hurricane Matthew also remain in effect for North Carolina, and Virginia. States are awaiting the damage assessment from Colonial and further stock data from EIA to determine if future waivers are necessary to alleviate probable supply shortages. The table below lists the status of state emergency declarations.

Table 3. State Emergency Declarations and Hours of Service (HOS) Waivers				
State	Fuels Covered	Effective Dates		Status
		Start	End	
Alabama	Gasoline.	11/01/16	12/01/16	Active
North Carolina	Fuel oil, diesel oil, gasoline, kerosene, propane, liquid petroleum gas.	10/03/16	11/30/16	Active
Virginia	Essential relief supplies, passengers, equipment, fuel, construction materials, and other critical supplies to or from any portion of the Commonwealth for purpose of providing direct relief or assistance as a result of this disaster.	10/06/16	11/06/16	Active

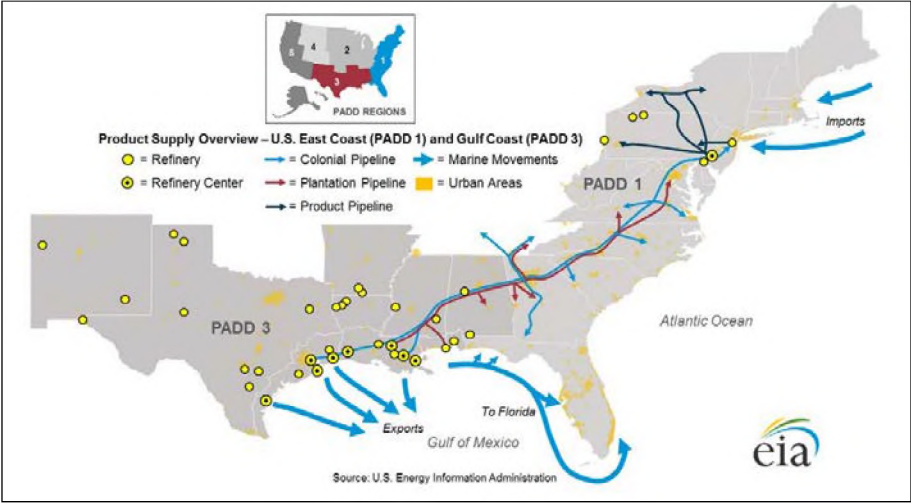
Sources: [U.S. Department of Transportation](#); Governor Office Websites.

COLONIAL PIPELINE SYSTEM BACKGROUND

The 2.5 million b/d Colonial Pipeline is one of two major interstate pipeline systems supplying petroleum products from Gulf Coast refining centers to delivery locations across the Southeast and Eastern Seaboard as far north as New York Harbor. The Colonial system consists of 5,500 pipeline-miles and has connections to 29 refineries and

267 customer terminals. Colonial, which provides fuel transportation services for third-party shippers, operates on a five-day shipping cycle and typically runs at full capacity due to high demand by shippers and a lack of cost-effective alternatives for moving products from the Gulf Coast to the East Coast. Figure 1 depicts the Colonial and Plantation pipeline systems as well as marine movements into East Coast ports.

Figure 1: PADDs 1 and 3 Transportation Fuels Infrastructure and Flows



As shown in Table 1, the Colonial mainline system is made up of four segments, which are divided into a southern system (Lines 1 and 2), with a capacity of 2.5 million barrels per day (b/d), and a northern system (Lines 3 and 4), with a capacity of 1.4 million b/d. A major juncture in the system is in Greensboro, North Carolina, where products shipped on dedicated gasoline and distillate lines (Lines 1 and 2) are delivered into breakout tankage before being batched into mixed products lines for northbound delivery on Lines 3 and 4.

Table 1. Colonial Pipeline Company Mainlines				
Line	Fuel	Primary Origin	Final Destination	Capacity, b/d
Line 1	Gasoline	Houston, TX	Greensboro, NC	1,370,000
Line 2	Distillate	Houston, TX	Greensboro, NC	1,160,000
Line 3	Mixed Products	Greensboro, NC	Linden, NJ	885,000
Line 4	Mixed Products	Greensboro, NC	Dorsey, MD	504,000

Source: U.S. Energy Information Administration, “PADDs 1 and 3 Transportation Fuels Markets.”

Major metropolitan areas served from Colonial’s mainline system include Birmingham, Alabama; Atlanta, Georgia; Charlotte, North Carolina; Richmond, Virginia; Washington, DC; Baltimore, Maryland; Philadelphia, Pennsylvania; and New York, New York. In addition, Colonial spur lines push fuel into secondary markets, including Chattanooga, Nashville and Knoxville in Tennessee; Norfolk, Virginia Beach, and Roanoke in Virginia; Macon and Augusta in Georgia; and the Raleigh-Durham area in North Carolina. Colonial also delivers products into several connecting pipeline systems in New Jersey and Pennsylvania, including the Buckeye and Sunoco Logistics systems.