



October 5, 2015

Mr. Byron Coy, P.E.
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration
820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628

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RE: CPF 1-2015-5015

Mr. Coy,

On September 14, 2015, NuStar Terminals Operations Partnership L.P., (NuStar), received a Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order (NOPV) dated September 10, 2015 from the Eastern Region of the Pipeline and Hazardous Materials Safety Administration (PHMSA). After considering the below and attached information, we respectfully request you dismiss the NOPV. If the NOPV is not dismissed, we request an in-person meeting on multiple issues including the allegation and its factual basis, the proposed compliance order, and the proposed penalty and its calculation. We will be represented by counsel and request the meeting is held as soon as practicable. If it would assist in resolving this matter, we also request a telephonic meeting before the in-person meeting.

The NOPV provides we violated the following standard.

1. § 195.432(b) Inspection of in-service breakout tanks.

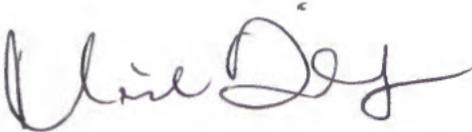
(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel above-ground breakout tanks according to API Std. 653 (except section 6.4.3, Alternative Internal Inspection Interval) (incorporated by reference, see §195.3). However, if structural conditions prevent access to the tank bottom, its integrity may be assessed according to a plan included in the operations and maintenance manual under §195.402(c)(3). The risk-based internal inspection procedures in API Std. 653, section 6.4.3 cannot be used to determine the internal inspection interval.

The NOPV alleges that "NuStar failed to inspect the physical integrity of in-service atmospheric steel aboveground breakout tanks [32002 and 21408] according to API 653, incorporated by reference in §195.3(b)(19)." The NOPV refers specifically to Section 12.5.1.1, which states, "Where settlement is anticipated, a tank receiving a hydrostatic test shall have the foundation checked for settlement." NuStar disputes this allegation because settlement was not anticipated on either of the tanks. The tanks' foundations were already loaded and previous settlement out-of-plane measurements were acceptable under API 653. Please refer to the attached Exhibit A and Exhibit B for the relevant excerpts from the most recent API 653 inspection reports, which state that the settlement

out-of-plane measurements on both tanks are acceptable. In addition, these measurements have been validated by the tanks' actual lack of settlement. See also Exhibit C for documentation of the edge settlement related repairs on Tank 21408.

After considering the above and attached information, we respectfully request you dismiss the NOPV. If the NOPV is not dismissed, we request an in-person meeting. If it would assist in resolving this matter, we also request a telephonic meeting before the in-person meeting. If you have any questions concerning this submission, please contact me at (210) 918-2091 or Michael.Dillinger@NuStarEnergy.com.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Dillinger". The signature is fluid and cursive, with a large initial "M" and "D".

Michael Dillinger
Senior Counsel