

## WARNING LETTER

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 27, 2016

Mr. Don J. Sorensen  
Senior Vice President, Logistics  
Tesoro Great Plains Midstream LLC  
19100 Ridgeway Parkway  
San Antonio, TX 78259

**CPF 3-2016-5005W**

Dear Mr. Sorensen:

On July 5-11 and 19-24, 2015, and August 3-7, 2015, a representative of the Central Region office of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your facilities at multiple locations in Billings, Stark, and McKenzie counties in North Dakota to Fryburg, North Dakota and the records at your office in Mandan, North Dakota.

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 violation(s) are:

**1. §195.452 Pipeline integrity management in high consequence areas.**

**(l) What records must an operator keep to demonstrate compliance?**

**(1) An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At a minimum, an operator must maintain the following records for review during an inspection:**

**(ii) Documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.**

Tesoro Great Plains Midstream LLC (Tesoro) could not provide a record of the technical justification for the 500-foot overland spread and the water transportation calculations used to identify pipeline segments that could affect high consequence areas.

**2. §195.571 What criteria must I use to determine the adequacy of cathodic protection?**

**Cathodic protection required by this Subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE SP 0169 (incorporated by reference, see § 195.3).**

Tesoro did not maintain adequate cathodic protection to the applicable criteria as listed in NACE SP 0169.

During the field evaluation of the pipeline system, low readings were found at the following locations:

- a) Fryburg Terminal – Line from Trap to Back Pressure Valve in Terminal: -0.627v
- b) Fryburg Terminal – Kicker Line from Trap: -0.627v
- c) T.S. at MP 1.9 (Old Hwy 10): No Reading, Test station disconnected.
- d) M/L Valve 10 – Trap Kicker Line: -0.736v
- e) Belfield Terminal – Trap Kicker Line: -0.696v
- f) Watford Terminal – Trap Kicker Line: -0.642v
- g) Watford Terminal – 12” Line between Receiver and Launcher: -0.713v
- h) Watford Terminal – Receiver Trap P/L Side: -0.740v
- i) Watford Terminal – Kicker for Receiver Trap: -0.741v
- j) Watford Terminal – Sump Line: -0.734v
- k) Watford Terminal – Breakout Tank: North: -0.721v; East: -0.723v; South: -0.721v; West: -0.735v

The cathodic protection readings were corrected and brought up to the appropriate levels right after PHMSA’s field inspection.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. 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 correct

the item(s) identified in this letter. Failure to do so will result in Tesoro Great Plains Midstream LLC being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 3-2016-5005W**. 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).

Sincerely,

Allan C. Beshore  
Director, Central Region, OPS  
Pipeline and Hazardous Materials Safety Administration