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Via Express Mail

September 5, 2007

Mr. Chris Hoidal, Western Region Director
Pipeline and Hazardous Materials Safety Administration
U.S. Department of Transportation
12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

RE: Warning Letter (CPF 5-2007-2002W) and NOA (CPF 5-2007-2001M)

Dear Mr. Hoidal:

Thums Long Beach Company ("Thums") received the referenced Warning Letter (dated August 6, 2007) and Notice of Amendment (dated August 3, 2007) regarding Thums Operator Qualification (OQ) Program. On June 14, 2006, an inspection of the OQ Program was conducted by Adriana Crasanean (California State Fire Marshal Pipeline Safety Engineer). Concurrently on June 12 - 15, 2006, Phillip Nguyen (Pipeline Safety Engineer of US DOT) conducted an inspection of Thums Pipeline Operations and Maintenance Program.

During the Pipeline Operations and Maintenance Program inspection, Mr. Nguyen recommended a few items to improve the program. Thums incorporated his suggested program changes and documented them in a response letter to Mr. Nguyen on June 29th. (See attachment).

On December 15, 2006, Thums received a compliance letter (See attachment) from Robert Gorham (Division Chief, Office of the California State Fire Marshal), resulting from Ms. Crasanean's audit of Thums Operators Qualification program. Thums sent a response addressing the four 49CFR 195 issues on January 18, 2007 (See attachment). Ms. Crasanean conducted a follow-up inspection on March 1, 2007 and communicated verbally to Thums that all compliance deficiencies had been corrected and that Thums was in full compliance.

Thums is submitting this letter with supporting documents that shows all issues were corrected on January 18, 2007 and that Thums believes it is in compliance with 49 CFR 192.805 & 807, 49 CFR 195.505 & 507. Thums believes these revisions satisfy both the inadequacies outlined in the Notice of Amendment (CPF 5-2007-2001M) and the probable violation outlined in the Warning Letter (CPF 5-2007-2002W).

The responses to the NOA inadequacies are outlined below.

1. **192.805 Qualification Program**

   a) **Identify contractor's covered tasks [49CFR192.805(a)]**

   Thums covered tasks #15, 16, 19, 20, and 29 were described and are included in the attachments. Analogous code citation for Thums hazardous liquid Pipeline Operator Qualification Program is 195.505 (a).

   b) **Ensure through evaluation that individuals performing covered tasks are qualified. [49CFR192.805(b)]**

   Thums describes abnormal operating conditions in the OQ Program. According to Thums existing OQ program, Thums evaluates individuals through written tests to determine if they can recognize and react to abnormal operating conditions. Thums has modified the written tasks to show which questions assess abnormal conditions. A couple of sample task tests are enclosed. Analogous code citation for Thums hazardous liquid Pipeline Operator Qualification Program is 195.505 (b).

   c) **Allow individuals that are not qualified pursuant to this subpart to perform a covered task if directed and observed by an individual that is qualified. [49CFR195.805(c)]**

   A qualified individual will supervise only a limited number of non-qualified people working on regulated pipeline. Thums has modified the OQ program to include a span of control for each task depending on job involvement and criticality (See the enclosed file: "4 Part Test to Identified Job Task"). Analogous code citation for Thums hazardous liquid Pipeline Operator Qualification Program is 195.505 (c).

The response to the Warning Letter probable violation is outlined below.

1. **Recordkeeping [49CFR192.807(a)(2)]**

Thums has utilized a written evaluation test method to qualify individuals for all covered tasks. In addition, a job performance evaluation is implemented for the tasks which are considered critical (See the enclosed file: "4 Part Test to Identified Job Task" for which tasks are critical). Performance evaluation for Thums employees performing the critical tasks is documented and controlled pursuant to the Operator Training Program (OTP), General Guidelines. Contractor performance records are documented and controlled according to the "Evaluation Methods", on page 5 of the Thums OQ program. Thums maintains <u>all</u>

qualification records on file for identifying covered tasks that individuals are qualified to perform. These documents are available for both Thums employees and Contractors.

This issue was already field verified and approved for compliance by the CSFM on March 1, 2007.

Thums believes that it acted promptly and in good faith to comply with the issues identified concerning pipeline safety regulations 49CFR192.805 and 807 in January 2007. Thums would like to receive written acknowledgement that all Notice of Amendment issues have been resolved. In addition, Thums would like to request a meeting to discuss the Warning Letter issue with a DOT Pipeline Safety Engineer to ensure that this compliance concern has been resolved satisfactorily before the next scheduled inspection.

Please contact Mr. Nam Baek at (562) 624-3120 or Mrs. Kathye Griffis at (562) 624-3422, to schedule the meeting or to answer any questions you may have.

Sincerely,

Duane Dudics
Vice President - HES
Thums Long Beach Company

cc: C. Plant (THUMS)
K. Griffis (THUMS)
P. Nguyen (USDOT)
R. Gorham (CSFM)