



Global Gas

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

CPF No. 5-2008-5037W

Dear Mr. Hoidal:

The week of May 6, 2008, a representative of the Washington Utilities and Transportation Commission (WUTC) Mr. Kuang Chu conducted onsite pipeline safety inspection of Chevron Pipe Line (CPL) facility located in Pasco, WA. As a result of the inspection, CPL was issued a "Warning Letter" dated October 15, 2008. CPL understands that a response to the "Warning Letter" is not necessary, however, CPL prefers to inform WUTC and Pipeline and Hazardous Materials Safety Administration (PHMSA) the status of the alleged deficiencies in order to bring closure.

The "Warning Letter" identified four (4) items of concern. The alleged deficiencies are noted below along with the mitigation taken by CPL.

§49 CFR195.432 Inspection of in-service breakout tanks

(b) Each operator shall inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to section 4 of API Standard 653. However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under §49 CFR195.402(c)(3).

PHMSA Findings

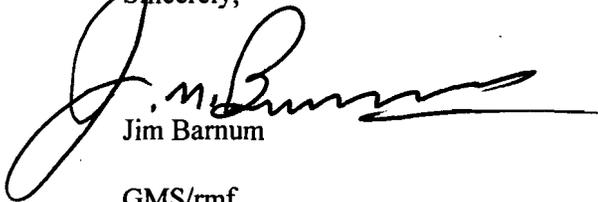
1. During the field inspection of the Pasco terminal, it was found that there were isolated areas of paint failure on the tank shell for breakout tanks T-11, T-13 and T-17.
2. During the field inspection of the terminal, it was found that the valve packing for 8" outgoing line valve, 8" barge line valve and 1" level alarm valve for tank T-16 showed signs of leakage.
3. The manhole blind flange also showed signs of leakage. Similar signs of leakage were also found with other tanks.
4. A number of tell-tale holes have steel plugs installed to seal the holes. The steel plugs must be removed as per API 650 requirement.

CPL Response

1. CPL inspected the areas with alleged paint failure and found that the under-coating is in good condition. We have included complete external re-coatings for Tanks 11, 13, and 17 in the 2009 budget.
2. The two 8" and one 1" valves on Tank 16 were tightened and packed with grease as necessary to stop any further signs of leakage. Note at the time of the inspection there was not any active leakage.
3. The bolts securing the manhole blind flange on Tank 16 were re-tightened to ensure no further signs of leakage. Note at the time of the inspection there was not any active leakage.
4. All steel plugs in the tell-tale holes of tank nozzle reinforcement plates were removed. Heavy grease was inserted into the telltale holes.

Based on the information provided above, CPL believes the alleged issues stemming from the October 15, 2008 "Warning Letter" has been properly mitigated and all outstanding concerns of WUTC and PHMSA have been addressed. If you would like further clarification or documentation on any of these issues, please do not hesitate to contact Gary M. Saenz at (713) 432-3332.

Sincerely,



Jim Barnum

GMS/rmf

cc: D. Lykken, WUTC
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