

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED [70063450000171041845]

November 21, 2011

Mr. Ralph Grimmer
VP, Logistics
Tesoro Hawaii Corporation
19100 Ridgewood Parkway (TX1-023 / 1-2C050)
San Antonio, TX 78259

CPF 5-2011-6009W

Dear Mr. Grimmer:

On March 30 to April 2, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Tesoro Hawaii's Honolulu pipeline system in Honolulu, Hawaii.

As a result of the inspection, it appears that Tesoro Hawaii (Tesoro) has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

- 1. §195.432 Inspection of in-service breakout tanks.**
 - (b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to API Standard 653 (incorporated by reference, see § 195.3). 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 § 195.402(c)(3).**

Tesoro's 2009 API 653 out-of-service inspection reports for tanks 10 and 11 state that the inspections were conducted using the latest version of 653 instead of referencing actual

edition used. Tesoro HI should note that the latest edition of a referenced standard from Tesoro's O&M procedures is not always the edition that is incorporated by reference in Part 195.

2. **§195.583 What must I do to monitor atmospheric corrosion control?**
 - (c) **If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by Sec. 195.581.**

Tesoro's MLV 12 bleeder valve was reported as being corroded to 30% of the wall thickness and MLV 14 was reported as having corrosion. Tesoro had no documentation to show that they had taken corrective actions to remediate corrosion for either of these valves.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any 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 identified in this letter. Failure to do so will result in Tesoro 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 5-2011-6009W**. 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,

Chris Hoidal
Director Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
G. Davis (#133324)