

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 10, 2014

Mr. Todd Denton
President
Phillips 66 Pipeline, LLC
3010 Briarpark Drive
PWC-7109
Houston, TX, 77042

CPF 5-2014-5015W

Dear Mr. Denton:

From March 2013 through November 2013, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) and the Washington Utilities and Transportation Commission (WUTC), pursuant to Chapter 601 of 49 United States Code, inspected your Yellowstone Pipeline System from Billings, Montana to Spokane, Washington.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation is:

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

(g) What is an information analysis? In periodically evaluating the integrity of each pipeline segment (paragraph (j) of this section), an operator must analyze all available information about the integrity of the entire pipeline and the consequences of a failure. This information includes:

(4) Information about how a failure would affect the high consequence area, such as location of the water intake.

At the time of the inspection, Hauser Lake was not defined as an HCA. However, interviews with Phillips 66 personnel concerning the potential impacts to the reservoir and recreational areas if a spill was to occur then the impact would be significant. Subsequently, Phillips has indicated that they have designated the area as an HCA and have reevaluated HCAs along the length of the pipeline.

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 Phillips 66 Pipeline, 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 **5-2014-5015W**. 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
PHP-500 M. Petronis (#144046)
WUTC