

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 22, 2015

Mr. Mark Petersen
Vice President
Sinclair Transportation Company
500 E S Temple
Salt Lake City, UT 84102

CPF 5-2015-5022W

Dear Mr. Petersen:

On September 22 - October 24, 2014], representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Sinclair Crude Pipelines in Sinclair, Wyoming.

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. §195.54 Accident reports.

(a) Each operator that experiences an accident that is required to be reported under § 195.50 must, as soon as practicable, but not later than 30 days after discovery of the accident, file an accident report on DOT Form 7000-1.

(b) Whenever an operator receives any changes in the information reported or additions to the original report on DOT Form 7000-1, it shall file a supplemental report within 30 days.

Accident Report on 8/13/14 at Sanford Station was submitted on 9/17/2014. Therefore, the required report date was exceeded by four (4) days. This is per Sinclair's DOT Form 7000-1.

2. §195.452 Pipeline integrity management in high consequence areas.

(h) What actions must an operator take to address integrity issues?

(1) General requirements. An operator must take prompt action to address all anomalous conditions the operator discovers through the integrity assessment or information analysis. In addressing all conditions, an operator must evaluate all anomalous conditions and remediate those that could reduce a pipeline's integrity. An operator must be able to demonstrate that the remediation of the condition will ensure the condition is unlikely to pose a threat to the long-term integrity of the pipeline. An operator must comply with § 195.422 when making a repair.

(i) Temporary pressure reduction. An operator must notify PHMSA, in accordance with paragraph (m) of this section, if the operator cannot meet the schedule for evaluation and remediation required under paragraph (h)(3) of this section and cannot provide safety through a temporary reduction in operating pressure.

A pressure reduction was not demonstrated for the dent was discovered from the ILI assessment in 2012. Sinclair notified the Harley Davidson dealer that the remediation dig will be performed within their property. The dealer asked Sinclair to delay the project until October because it would impact their business. The Harley Davidson dealer is located near I-25 and the I-25 cased crossing. Subsequently, the dent within the Harley Davidson dealer and the I-25 cased crossing were replaced by the HDD project.

-Combo Tool assessed on 5/16/2012

-Preliminary Report - 6/06/2012

-Final Report - 8/03/2012 the final repair was Nov. 28, 2012 by installing bored pipe. This was a late > 60 days repair. A notification of a late repair was not made (to the IMP database).

-Date of Discovery - 8/03/2012

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 Sinclair Transportation Company 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 5-2015-5022W**. 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 T. Finch (#146142)