



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 23, 2015

Mr. Don J. Sorensen
Senior Vice President, Logistics
Tesoro Logistics LP
19100 Ridgewood Parkway
San Antonio, Texas 78259

CPF 5-2015-6001

Dear Mr. Sorensen:

From June 30 to July 10, 2014, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code, inspected your Tesoro Alaska Pipeline (TAPL) and Middle Ground Shoals Pipeline (MGS) facilities, records and procedures in Anchorage and Nikiski, Alaska.

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 violations are:

1. §195.426 Scraper and sphere facilities.

(a) No operator may use a launcher or receiver that is not equipped with a relief device capable of safely relieving pressure in the barrel before insertion or removal of scrapers or spheres. The operator must use a suitable device to indicate that pressure has been relieved in the barrel or must provide a means to prevent insertion or removal of scrapers or spheres if pressure has not been relieved in the barrel.

Tesoro Alaska Pipeline Company (TAPC) did not have relief devices capable of safely relieving pressure in the barrel of their scraper and sphere facilities. The MGS pig launcher and receiver barrels did not have devices on the end closures of the barrels to either prevent the closure from being removed prior to release of the pressure on the barrel, or to indicate that pressure still remains in the barrel.

2. §195.573 What must I do to monitor external corrosion control?

(c) Rectifiers and other devices. You must electrically check for proper performance each device in the first column at the frequency stated in the second column.

Device	Check frequency
Rectifier..... Reverse current switch. Diode. Interference bond whose failure would jeopardize structural protection.	At least six times each calendar year, but with intervals not exceeding 2 ½ months.
Other interference bond.....	At least once each calendar year, but with intervals not exceeding 15 months.

TAPC did not check critical bonds at the required intervals. TAPC’s cathodic protection contractor, Coffman Engineering, provided a 2012 Critical Bond Analysis Report which stated the TAPL had critical bonds with Conoco-Phillips facilities at Test Station 15A and with Flint Hills facilities at Test Station 59A. Tesoro did not electrically check these bonds for proper performance at least six times each calendar year, but with intervals not exceeding 2 ½ months, nor did TAPC investigate or follow-up to make a final determination of whether or not the bonds are critical to TAPL.

Following our inspection, a letter from Coffman Engineering, dated July 25, 2014, showed an analysis was done on one of the critical bonds between TAPL and Flint Hills indicated in 2012 and it was determined to be non-critical by TAPC’s Corrosion Specialist. No records were provided to indicate follow-up or evaluation of the other bond (Test Station 15A) indicated as critical from the 2012 study.

3. §195.403 Emergency response training.

(c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance.

TAPC did not adequately train all of their employees per their Emergency Response Training (ERT) Plan. Peter Ribbon’s ERT training record indicated he had not taken the eight-hour

Hazwoper Refresher course annually as required, and did not take Hearing Protection or Respiratory Protection in 2011 as required by TAPC.

4. §195.403 Emergency response training.

(b) At the intervals not exceeding 15 months, but at least once each calendar year, each operator shall:

(1) Review with personnel their performance in meeting the objectives of the emergency response training program set forth in paragraph (a) of this section; and

(2) Make appropriate changes to the emergency response training program as necessary to ensure that it is effective.

TAPC failed to conduct annual emergency response training reviews or make appropriate changes to the program. No evidence of providing this training could be provided to PHMSA representatives during the inspection.

5. §195.452 Pipeline integrity management in high consequence areas.

(k) *What methods to measure program effectiveness must be used?* An operator's program must include methods to measure whether the program is effective in assessing and evaluating the integrity of each pipeline segment and in protecting the high consequence areas. See Appendix C of this part for guidance methods that can be used to evaluate a program's effectiveness.

(1) *What records must be kept?* (1) An operator must maintain for review during an inspection:

(ii) Documents to support the decisions and analyses, including any modifications, justifications, variances, deviations and determinations made, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.

TAPC did not complete the process required by their Standard Operating Procedures to measure and evaluate their IM program effectiveness. The forms were not completed for 2012 or 2013, but the forms were completed retroactively at the time of the inspection then provided. The forms were identical for both years and did not indicate the year which it represented. The records indicated no use of metrics.

Proposed Compliance Order

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 propose a civil penalty assessment at this time.

With respect to item(s) 1 and 2 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Tesoro Alaska Pipeline Company. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to items 3, 4, and 5, 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 promptly correct these items. Be advised that failure to do so may result in TAPC being subject to additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 5-2015-6001** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

cc: PHP-60 Compliance Registry
PHP-500 Heidi Marlowe (Item 1: #147019; Items 2-5: #147602)

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Tesoro Alaska Pipeline Company a Compliance Order incorporating the following remedial requirements to ensure the compliance of Tesoro Alaska Pipeline Company with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to the absence of a suitable device to indicate that pressure has been relieved in the MGS pig launcher and receiver barrels, you must install devices that prevent the closure from being removed prior to the release of pressure or that indicate that pressure still remains in the barrel.
2. In regard to Item Number 2 of the Notice pertaining to failing to check critical bonds at the required intervals, you must check the critical bond with Conoco Phillips at Test Station 15A and add it to TAPL's critical bond list; furthermore, TAPL must perform testing, at the required regulatory frequency, to check this bond. Otherwise, you must provide an evaluation showing that this is not a critical bond.
3. You must complete these items within 90 days after receipt of the Final Order.
4. It is requested (not mandated) that Tesoro Alaska Pipeline Company maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.