



Tesoro Alaska Pipeline Company LLC
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San Antonio, Texas 78259

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July 14, 2015

Mr. Chris Hoidal
Director, Western Region
PHMSA, Office of Pipeline Safety
12300 W Dakota Avenue, Suite 110
Lakewood, CO 80228

**RE: Notice of Probable Violation and Proposed Compliance Order
CPF 5-2015-6001
Request for Hearing**

Dear Mr. Hoidal:

Tesoro Alaska Pipeline Company LLC (Tesoro) respectfully requests a hearing under 49 C.F.R. §190.211 on the above referenced Notice of Probable Violation (NOPV) which includes a Proposed Compliance Order (PCO). This NOPV was issued to Tesoro by the Pipeline and Hazardous Materials Safety Administration (PHMSA) Office of Pipeline Safety (OPS) on June 9, 2015 based on PHMSA's inspection of Tesoro Alaska Pipeline (TAPL) and Middle Ground Shoals (MGS) facilities, records and procedures on June 30 to July 10, 2014. Tesoro received a copy of the NOPV and PCO on June 15. Hence, this Request is timely.

As described more fully below, Tesoro believes that two of the alleged probable violations (i.e., Item #1 and #2) were incorrectly alleged. Accordingly, Tesoro respectfully requests that Item #1 and #2 alleged in the NOPV and the Proposed Compliance Order be withdrawn. Tesoro is filing this Request to preserve its rights, but the Company hopes to resolve these issues with you amicably through informal meetings, if at all possible, without resorting to a Hearing. For that reason, Tesoro respectfully requests that Office of Pipeline Safety stay scheduling of any Hearing date, allowing Tesoro to meet and confer with the Western Region on these issues. Please be advised that Tesoro intends to have counsel present at any Hearing that is scheduled for this matter.

In connection with its Request for Hearing, and in accordance with the requirements of 49 C.F.R. §190.211(a), Tesoro intends to raise the following issues at the Hearing for this matter:

Issue 1 - NOPV Item 1: §195.426 Scraper and sphere facilities.

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.

PHMSA Allegation: 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.

Tesoro's Response: Tesoro respectfully disputes this allegation and believes it was in compliance with §195.426 at the time of the inspection because the MGS pig launcher and receiver each have pressure gauges installed on the barrels to indicate whether pressure has been relieved in the barrel, and bleeder valves to relieve such pressure within the barrel. This is supported by photographic evidence and a subject matter expert (SME) evaluation. During the field inspection of the MGS pig launcher, the inspector observed the presence of both pressure indication gauges and pressure bleeder (relief) valves on the pig launcher and receiver.

It is possible that the inspection team reviewed incorrect data or notes in developing this allegation. We can provide the relevant evidence described above to support the Company's position, either as part of an informal resolution of this issue, or at Hearing. In any event, Tesoro respectfully requests that NOPV Item #1 be withdrawn or dismissed, as without basis.

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

PHMSA Allegation: 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.

Tesoro's Response: Tesoro respectfully disputes this allegation. As follow up to Coffman Engineering's recommendation that Tesoro conduct additional review of the bonds to determine if they are critical to Tesoro, Tesoro's Lead Corrosion Specialist reviewed the data and made the determination to not classify these bonds as being critical to the protection of the pipeline. Final testing confirmed that neither bond meets Tesoro's definition of a critical bond because the pipeline is **adequately protected** at both locations **without the presence of these bonds**. While Coffman Engineering did suggest in its 2012 Critical Bond Analysis Report (referenced above) that the bond at Test Station 15A may be critical, Coffman Engineering concluded that "we believe that Tesoro would have sufficient levels of protection afforded to the pipeline without it". Additionally, Coffman Engineering's suggestion that a critical bond existed at Test Station 59A was based solely upon the fact that Tesoro received current from Flint Hills. Such a conclusion did not take into consideration whether the current received was critical to the protection of Tesoro's pipeline.

Additionally, it should be recognized that Coffman Engineering was Tesoro's contractor, working at the direction of Tesoro's Lead Corrosion Specialist. Coffman Engineering's duties were to provide technical services, data collection, and recommendations to Tesoro who then made the final determination.

We can provide the relevant data and documents to support the Company's position as describe above, either as part of an informal resolution of the issue, or at Hearing. In any event, Tesoro respectfully requests that NOPV Item #2 be withdrawn or dismissed, as without basis.

NOPV Item 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.

PHMSA Allegation:

TAPC did not adequately train all of their employees per their Emergency Response Training (ERT) Plan. Peter Ribben'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.

Tesoro's Response:

At the time of the inspection, TAPC had adequately trained (and continues to adequately train) all of our employees per our Emergency Response Training (ERT) Plan. Since Peter Ribbens joined the Emergency Response Group in 2012, he was not required to take Emergency Response Training in 2011.

We can provide the relevant training records for Mr. Ribbens from 2012 to the present, including records of annual eight-hour Hazwoper Refresher courses to support the Company's position. Tesoro respectfully requests that NOPV Item 3 be withdrawn or dismissed, as without basis.

NOPV Item 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.**

PHMSA Allegation:

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.

Tesoro's Response:

Tesoro disputes the allegation that annual emergency response training reviews were not conducted. Tesoro's National Preparedness for Response Exercise Program (PREP) was developed under the Oil Pollution Act of 1990 (OPA 90). Per Tesoro's PREP, we have comprised an Alaska Incident Management Team to manage spill response implementation in accordance with the Anchorage Terminals and Tesoro Alaska Pipeline Contingency Plan. The Incident Management Team has regional responsibility for the Company's assets located in Alaska, and has the authority to do one Tabletop exercise annually in accordance with PREP. As such, the Alaska Incident Management Team has reviewed with personnel their performance in meeting the objectives of the PREP, and made appropriate changes to the emergency response training program.

We can provide the relevant records of annual post-exercise lessons learned from the Alaska Incident Management Team. Tesoro respectfully requests that NOPV Item 4 be withdrawn or dismissed, as without basis.

NOPV Item 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.

PHMSA Allegation:

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.

Tesoro's Response:

Tesoro has addressed this item by partnering with a global leader in risk and integrity management to make positive enhancements to our Integrity Management Program (IMP). As part of this program, Tesoro has developed more relevant and meaningful metrics to measure the effectiveness of our IMP. The program will continue to be implemented throughout the remainder of 2015.

Written Response to Proposed Compliance Order

Tesoro believes the proposed Compliance Order is unnecessary, either because the underlying NOPVs are without basis, or because the requested actions have already been completed. The Company can provide documentation and data to demonstrate completion, if requested by PHMSA, either as part of an informal resolution or at Hearing.

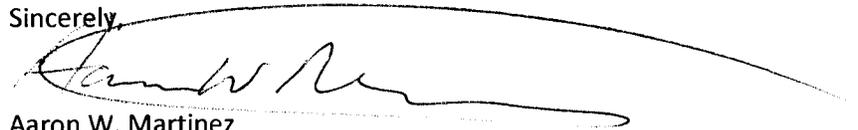
For the reasons set forth above, Tesoro believes that the alleged probable violations in the NOPV issued to the Company are either without legal or factual basis, or they are moot. The Company believes that NOPV Item #1 is unfounded because the MGS pig launcher and receiver each have pressure gauges installed on the barrels to indicate whether pressure has been relieved in the barrel, and bleeder valves to relieve such pressure within the barrel. As to NOPV Item #2, the Company believes it was in compliance with the applicable regulation at the time of the inspection. PHMSA's inspection team may have missed or misinterpreted that data, but the material is still available. Finally, the proposed Compliance Order is both unnecessary and moot, because the actions requested have already been completed.

Accordingly, Tesoro respectfully requests that PHMSA withdraw or dismiss these NOPVs and the Proposed Compliance Order, either informally or after Hearing on the issues.

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Tesoro shares PHMSA's desire to ensure public safety and enhance pipeline system integrity, and the Company is committed to working with PHMSA toward those goals. If you have any questions regarding this response or would like to discuss further, please do not hesitate to contact me at 210.626.6343 or aaron.w.martinez@tsocorp.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Aaron W. Martinez', with a long, sweeping horizontal stroke extending to the right.

Aaron W. Martinez
Director, Compliance - Logistics
Tesoro Logistics GP, LLC

cc: Mr. Don J. Sorensen, Senior Vice President, Tesoro Logistics GP, LLC