



**Phillips 66
Pipeline LLC**

CPF 5-2012-5010W

SENT TO COMPLIANCE REGISTER

Hardcopy Electronically

of Copies 1 / Date 5-30-12

Todd I. Tullio

Manager, Regulatory Compliance

Phillips 66 Pipeline LLC

600 N. Dairy Ashford

TN-5022

Houston, TX 77079

Phone 832.379.6255

Fax 832.379.6410

May 14, 2012

Chris Hoidal, Director Western Region
Pipeline Hazardous Materials Safety Administration
12300 West Dakota Ave, Suite 110
Lakewood, CO 80228

RE: CPF 5-2012-5010W

Dear Mr. Hoidal:

This communication is in response to your letter dated April 24, regarding a Warning Letter that ConocoPhillips Pipe Line Company (CPPL) received on May 2, 2012, issued as a result of a field inspection on the Yellowstone Pipeline horizontal directional drill (HDD) project at Milepost 319.1. Subsequent to receiving this Warning Letter, CPPL has been renamed as Phillips 66 Pipeline LLC (P66PL).

P66PL will respond to the items you have listed below in an effort to answer the concerns brought forth in your letter. We want to reassure the Western Region office that P66PL takes these inspections very seriously and our intent is to meet all applicable regulations and requirements. P66PL believes that we were satisfying the requirements of DOT Part 195 as it applies to this HDD project during the field inspection based on PHMSA's previous reviews of our programs/procedures and the documents that were made available to the PHMSA inspector during this field inspection.

Provided below is a summary of the items that PHMSA had concerns about during this HDD inspection and a summary of P66PL's responses to these concerns.

- **Item 1-** Failure to have comprehensive written procedures:
 - P66PL believes it did have comprehensive written procedures on site during the inspection. Additional procedures requested by the PHMSA inspector were provided which were not part of the procedure package on site. On page 2 and 3 of this letter under P66PL response you will find more details.

- **Item 2-** Failure to use trained inspectors as verified by onsite documentation:
 - P66PL believes it did have trained inspectors on the job site, with verifiable documentation kept in our data base located in the Houston home office per our standard practice. On page 3 and 4 of this letter under P66PL response you will find more details.

- **Item 3-** Failure to maintain correct corrosion records:
 - P66PL believes it did maintain correct corrosion records as required under the maintenance section of DOT Part 195 for the pipeline tie-in points, and followed the requirements outlined in DOT Part 195 regulations covering new pipelines for the HDD line pipe construction. On page 5 and 6 of this letter you will find more details.

By submitting this response, P66PL does not waive any right, privilege, or objection that it may have in any separate or subsequent proceeding related in any way to the information provided in this response.

PHMSA Concerns:

Item. 1. §195.202 Compliance with specifications or standards. Each pipeline system must be constructed in accordance with comprehensive written specifications or standards that are consistent with the requirements of this part.

ConocoPhillips Pipeline Company (CPPL) failed to have comprehensive written specifications or standards for all aspects of the Yellowstone pipeline horizontal directional drill (HDD) at MP 319.1. Though CPPL had procedures for welding and non-destructive testing (NDT) and manufacturer's recommended application practices for coating, other key construction specifications were not available to our inspector. After numerous requests, ConocoPhillips could not provide specifications or standards for all aspects of construction inspection including coating, specifications for field bending of pipe, and documentation requirements for coating application inspection.

P66PL's Response:

P66PL maintains written procedures at our construction sites that attempt to cover all aspects of the particular project. Several 3-ring binders of procedures were available for this project on location (see Attachment A listing the contents of the 3-ring binders for this project).

At inspection time, our understanding was that we did provide all necessary information that was requested by the Western Region inspector in a timely manner as follows:

- | | |
|--|---|
| 1. Coating Procedures: | TSP-8002 |
| 2. Field Bending of Pipe: | TSP-3001 Field Bending Procedures |
| 3. Coating Application Inspection: | Protal 7200 product data sheet, application and inspection procedures |
| 4. Welding Procedures: | P1F -7018 & P1E - 6010 |
| 5. Welding Procedure Qualifications: | PQR – 7018 & PQR – 6010 |
| 6. Welding Logs | |
| 7. Clark Fork 319 Hydro-Testing Objectives | |

8. Construction Field Representatives Qualifications
 - a. ASNT - ISN form ID 116730-OQ-51417F17
 - b. Operator Qualifications - W4406.1 Repair and or Removal of Welding and Pipe Defects – Field Representative
8. Welder Qualifications
 - a. GPL- 106 Welder Qualification Record E6078
 - b. GPL – 106 Welder Qualification Record AGS-HYP E7010
9. Mill Test Reports for New Pipe
10. One Call Information

It is P66PL's practice to dispatch a representative from our Regulatory Compliance (RC) group during field inspections to handle PHMSA's information requests so that the construction inspector can stay focused on safety and quality control activities. P66PL did not have an RC representative on site for the first day of inspection as planned, so perhaps information that was requested on that first day may have not been provided immediately and had to be requested again on the second day when the RC representative arrived. For future inspections, P66PL will strive to have our RC representative accompany the PHMSA inspector at all times to ensure that any request for additional information is handled in a timely manner.

PHMSA Concerns:

Item 2. §195.204 Inspection - General. Inspection must be provided to ensure the installation of pipe or pipeline systems in accordance with the requirements of this subpart. No person may be used to perform inspections unless that person has been trained and is qualified in the phase of construction to be inspected.

CPPL failed to use a trained inspector to inspect the pipe welding process during their Yellowstone pipeline HDD at MP 319.1. The CPPL inspector who was responsible for the inspection of the welding process had not been trained in the inspection of welding processes. Though this individual was a qualified non-destructive tester and was experienced in welding, he did not have records showing that he had been trained in the inspection of the welding process. Furthermore, this inspector had no tools for checking the welding parameters of volts, amps and travel speed during welding, He only checked for preheat requirements.

Though all welds passed NDT requirements, one cannot be assured that the welding procedure was followed because welding the parameters of volts, amps, and travel speed were not periodically checked. Because a weld passes NDT does not mean that a procedure was followed. If the procedure is not followed it is possible for the welder to affect the metallurgical properties of the pipe and the weld in ways that may jeopardize the integrity of the pipeline.

P66PL's Response:

During this inspection, P66PL had two construction field representatives that were trained and qualified to inspect the construction work being performed on site. P66PL's construction processes have been designed to provide quality control and assurance that all pipeline systems and components are in compliance with PHMSA Part 195 regulations. These processes rely on trained employee and inspector observations, as well as 100% non-destructive testing (NDT) radiography of pipe welds, in order to meet these requirements. These procedures and processes were reviewed by PHMSA during the Operations & Maintenance Program (O&M) audit conducted in 2011 and found to be satisfactory by the PHMSA audit team.

P66PL's construction representative inspecting the welding process did have training and was experienced in the welding process, as well as having training and experience with NDT radiography testing. His training certifications were not located at the project site which is consistent with our standard practice on any project. Confirmation of OQ training is kept in our data base system located in our Houston, TX office.

The PHMSA field inspector's observation on welding process parameters is correct: P66PL did not have tools on site to monitor volts, amps, and travel speed as welding parameters. P66PL is unaware of this being a requirement in the DOT Part 195 regulations as currently published, and has not been asked for this information in previous audits or field inspections. Our approach has been to test the contractor's welder at the start of a project using a rigorous welding qualification process, and then use our trained construction inspectors to observe the welding process for quality assurance monitoring and compliance to the welding procedure. We then test 100% of the weld integrity using NDT radiography and follow a pass/fail acceptance by the certified NDT technician as the industry-accepted practice. P66PL then documents the information required by DOT Part 195, Section §195.266 - Construction Records, which says that the following must be maintained by the operator:

1. The total number of girth welds and the number nondestructively tested, including the number rejected and the disposition of each rejected weld.
2. The amount, location, and cover of each size of pipe installed.
3. The location of each crossing of another pipeline.
4. The location of each buried utility crossing.
5. The location of each overhead crossing.
6. The location of each valve and corrosion test station.

P66PL maintains the records indicated above during construction and work where these activities are being performed. P66PL requires that all welds on regulated piping be subject to NDT inspection, as well as hydrostatic testing. These are performance-based tests that definitively indicate whether or not girth welds are acceptable for in-service conditions.

These tests, combined with the requirement that all welders and welding procedures be qualified, provide the assurance that the work is in compliance with PHMSA Part 195 regulations.

PHMSA Concerns:

Item 3. §195.589 What corrosion control information do I have to maintain? (c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to Secs. 195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

CPPL did not maintain a record of coating prep, application, and pre-installation inspections of their Yellowstone pipeline HDD at MP 319.1. Coating preparation and coating application inspections are required to insure the coating meets the requirements of § 195.559. An operator must inspect their pipe's coating just prior to it's installing it and they must repair all defects that are found in accordance with 195,561. Inspections that occurred but were not documented included, surface prep profile checks, pipe temperature checks, wet surface film thickness, dry film thickness, "Jeeping including voltage used and repairs made to coating. An operator is required to maintain records of this nature for at least 5 years to demonstrate the adequacy of corrosion control measures in accordance with Subpart B.

P66PL's Response:

As the PHMSA inspector agrees, the P66PL construction inspector was performing our required surface prep profile checks, pipe temperature checks, wet coating surface film thickness checks, dry coating film thickness checks, and "jeeping" inspection for abnormalities of the finished pipe coating which includes voltage checks of the jeeping equipment. If coating abnormalities were found by the construction inspector, then P66PL's procedure TSP-8002 "Plant Applied Fusion Bonded Epoxy Coating Specifications" would be followed which outlines the steps for making repairs to the coating. The P66PL construction inspector was also following procedure TSP-8002 which says that during the construction phase all the quality assurance checks mentioned above are to be stenciled on the side of the new pipeline. The purpose of this practice is to provide a visual confirmation to all P66PL inspectors and construction personnel that the quality assurance checks were actually performed prior to covering the pipeline with backfill material as one of the final activities for construction. This procedure TSP-8002 requiring the stenciling of inspection checks on the pipeline was part of the O&M Program audited by PHMSA in 2011 that was understood to be an acceptable P66PL procedure. In performing and then stenciling the inspection checks on the pipe for this Yellowstone Pipeline project, P66PL believes that we are meeting the current requirements for new construction found in the DOT Part 195 regulations.

It is our understanding that §195.589 refers to ongoing maintenance requirements for existing pipelines. At the two tie-in points joining the new HDD line pipe with the existing Yellowstone Pipeline line pipe, P66PL completed tie-in welds and full NDT radiography testing per our welding procedures. P66PL also completed internal and external pipe corrosion checks, application of coating to the two pipe girth welds, and external inspection checks of the coating as previously described. These inspection checks were recorded on

our Pipeline Maintenance and Leak Report (PMLR) forms per P66PL's procedure MPR-2809, "Instructions for Completing Form 3933-Pipeline Maintenance and Leak Report", which establishes the documentation of corrosion control information for the required minimum 5 year period that is referenced by the PHMSA inspector. In performing and documenting these inspection checks for the two tie-in welds and pipe girth weld coating on our PMLR forms, P66PL believes that we are meeting the current requirements for pipeline maintenance activities found in the DOT Part 195 regulations.

Again, we want to assure the Western Region office that P66PL takes these field inspections seriously and our intent is to meet all applicable regulations and requirement for the safe operation of our pipelines. Should you or anyone on your staff have questions in regards to the information provided, please feel free to call or e-mail me.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Tullio". The signature is fluid and cursive, with a large initial "T" and a long, sweeping underline.

Todd Tullio
Manager, Regulatory Compliance

CC: D. Barney
V. Williams

Attachment A
Procedures Located at Job Site

1. Employee Safety Handbook
2. Fatigue Management
3. Heat Stress
4. Job Safety Analysis
5. Personal Protective Equipment
6. Sling Policy
7. Contractor Safety
8. Health Safety and Environmental Notification
9. Mechanical Lifting
10. MPR-2302 Public Awareness and One Call
11. MPR-2836 List Of Pressure Testing Forms
12. MPR-4003 Safety Precautions at Job Site
13. MPR-4010 Excavation
14. MPR-4105 Cleaning and Coating of Buried Pipe
15. MPR-4108 General Line and Equipment Maintenance, Backfilling, and Cleanup
16. MPR-4111 General Line and Equipment Pipe Storage
17. MPR-4112 Line Locating
18. MPR-4205 Installation and Maintenance of Road and Railroad Crossings
19. MPR-4208 Launching and Receiving Pigging Tools
20. MPR-4219 Installation and Maintenance Field Applied Rocksheid
21. MPR-4223 Installation and Maintenance Bored Crossing
22. MPR-4401 Welding Procedures and Welder Qualifications
23. MPR-4406 Welding - Repair or Removal of Defects by Grinding or Welding
24. MPR-6009 Non destructive testing of Girth Welds
25. MPR-6010 Inspections and Testing - Magnetic Particle and Dye Penetrant Inspection
26. MPR-6012 Weld Radiograph
27. MPR-6010 General Pressure Testing
28. MPR-6102 Pressure Testing Safety
29. MPR-6103 Hydrostatic Testing Environmental Considerations
30. MPR-6105 Mainline Testing Procedure
31. MPR-6107 Pre-Testing Replacement Pipe
32. TSP-3001 Field Bending
33. TSP-3002 Factory Bends
34. TSP-8001 Specification for Isolation Flange Kits
35. TSP-8002 Plant Applied Fusion Bonded Epoxy Coating Specification
36. TSP-8004 External Protective Paint Coatings for On Shore Above-Grade Tanks, Vessels, Piping, Standard Equipment & Structural Steel
37. Employee and Contractor Qualification Records