

MARCH 26, 2014

Mr. James Runyan
President
Wyoming Pipeline Co.
1600 Broadway, Suite 2300
Denver, CO 80202

Re: CPF No. 5-2013-6003

Dear Mr. Runyan:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and specifies actions that need to be taken by Wyoming Pipeline Co. to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Western Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Chris Hoidal, Director, Western Region, OPS

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

_____)	
In the Matter of)	
)	
Wyoming Pipeline Company,)	CPF No. 5-2013-6003
)	
Respondent.)	
_____)	

FINAL ORDER

On October 22, 2012, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Wyoming Pipeline Company (WPC or Respondent) in Newcastle, Wyoming. WPC operates approximately 150 miles of 6, 8, and 10-inch, low-stress, crude oil transmission in the Niobrara and Weston counties of Wyoming.¹

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated August 6, 2013, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that WPC had violated 49 C.F.R. § 195.5 and proposed ordering Respondent to take certain measures to correct the alleged violation.

WPC responded to the Notice by letter dated September 5, 2013 (Response). The company did not contest the allegation of violation but asked for an extension until February 3, 2014, to complete the proposed compliance actions. Respondent did not request a hearing and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, WPC did not contest the allegation in the Notice that it violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.5, which states:

¹ Violation Report at 1.

§ 195.5 – Conversion to service subject to this part.

(a) A steel pipeline previously used in service not subject to this part qualifies for use under this part if the operator prepares and follows a written procedure to accomplish the following:

(1) The design, construction, operation, and maintenance history of the pipeline must be reviewed and, where sufficient historical records are not available, appropriate tests must be performed to determine if the pipeline is in satisfactory condition for safe operation. If one or more of the variables necessary to verify the design pressure under

§ 195.106 or to perform the testing under paragraph (a)(4) of this section is unknown, the design pressure may be verified and the maximum operating pressure determined by—

(i) Testing the pipeline in accordance with ASME B31.8, Appendix N, to produce a stress equal to the yield strength; and

(ii) Applying, to not more than 80 percent of the first pressure that produces a yielding, the design factor F in § 195.106(a) and the appropriate factors in § 195.106(e).

(2) The pipeline right-of-way, all aboveground segments of the pipeline, and appropriately selected underground segments must be visually inspected for physical defects and operating conditions which reasonably could be expected to impair the strength or tightness of the pipeline.

(3) All known unsafe defects and conditions must be corrected in accordance with this part.

(4) The pipeline must be tested in accordance with subpart E of this part to substantiate the maximum operating pressure permitted by § 195.406.

(b) A pipeline that qualifies for use under this section need not comply with the corrosion control requirements of subpart H of this part until 12 months after it is placed into service, notwithstanding any previous deadlines for compliance.

(c) Each operator must keep for the life of the pipeline a record of the investigations, tests, repairs, replacements, and alterations made under the requirements of paragraph (a) of this section.

The Notice alleged that Respondent violated 49 C.F.R. § 195.5 by failing to develop and follow written procedures for 148 miles of category 3, rural, low-stress pipeline facilities that are now subject to Part 195. Specifically, the Notice alleged that Respondent failed to develop procedures to: 1) review the design, construction, operation and maintenance history of the steel pipeline; 2) perform a visual inspection of the pipeline right-of-way, all aboveground segments of the pipeline, and appropriately selected underground segments for physical defects and operating conditions that could impair the strength or tightness of the pipeline, 3) correct all known, unsafe defects; and 4) test the pipeline in accordance with subpart E of Part 195 to substantiate the maximum operating pressure permitted by § 195.406. The Notice explained that, per § 195.12(c)(3), WPC's pipeline system became subject to Part 195 and was required to

comply with the requirements of § 195.5 by October 1, 2012 to qualify for service. Additionally, WPC operates a 1.86 mile segment of non-rural low-stress pipeline that should have been considered by WPC as subject to Part 195. WPC did not have written procedures in place for this segment either. Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that violated 49 C.F.R. § 195.5 by failing to develop and follow written procedures to qualify for use pipeline facilities that are now subject to Part 195.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice for violation of 49 C.F.R. § 195.5. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.5 (**Item 1**), Respondent must provide documentation and evidence to PHMSA showing compliance with the following items for the crude oil system:
 - a. Evaluate whether SCADA hardware is adequate to indicate accurate display of its system, flow rates, and discharge pressures, and the pressure polling is frequent enough to capture peak operating pressures, especially during abnormal events.
 - b. Evaluate the requirement for thermal pressure controls or procedural controls on segments that can be isolated and determine the maximum operating pressure as required by § 195.406 to include the process in accordance with § 195.106 for segments where pipe material properties are unknown.
 - c. Evaluate the material specifications or conduct the test results for metallurgy. WPC must evaluate the material specifications or conduct the test results for metallurgy of the 1.86 mile segment and the Clariton to Mush Creek segment to ensure the maximum operating pressure was established in accordance with §§ 195.406 (195.402(c)(3), 195.406(a), 195.406(b), 195.302(b), 195.302(c)). WPC must maintain the records of the maximum operating pressure for the Clariton to Mush Creek segment and the 1.86 mile-segment of “could affect a High Consequence Area segment.”
 - d. Evaluate the requirement to determine overfill protection devices for all atmospheric breakout tanks that need to be installed, inspected, and tested, as required by § 195.428 for the breakout tanks Nos. 94, 97, 99, 100, 101, 103, 106, and 239.

- e. Evaluate the requirement to determine External, Ultrasonic Thickness, and/or Internal API 653 inspections as required by § 195.432(b) for breakout tanks Nos. 94, 97, 99, 100, 101, 102, 103, 104, 105, 106, and 239. At minimum, WPC must perform external inspections per section 6.3.2, ultrasonic inspections per section 6.3.3.2(a) of API 653 within 5 years, and internal inspections per section 6.4.2.2 of API 653 within 10 years, unless WPC can demonstrate the alternate inspection intervals to establish corrosion rates. Alternatively, if there is an unsafe condition, WPC shall repair the unsafe condition per the requirements of § 195.401(b). Note: The conditions of several of the steel atmospheric tanks appear to be unacceptable. Bolted tanks Nos. 99, 100, 101 at Mush Creek PS, 103 at Clariton (disconnected), and 97 Fiddler Creek have very significant corrosion and integrity problems in shell and bottom, and there are visible leakage problems at the chimes and near the floor.
- f. Establish a written external coating procedure as required by §§ 195.402(c) (3), 195.557(b), and 195.559 for the pipelines that have been converted to liquid service and were constructed after the applicable date in accordance with § 195.401(c).
- g. Establish a written Cathodic Protection (CP) procedure for the pipelines that have been placed into service, as required by §§ 195.402(c)(3), 195.563(b), and 195.573(e), *i.e.* the 1.86 mile non-rural low-stress pipeline segment that could affect an HCA. Note: The 148 miles of rural low-stress pipeline must comply with Subpart H by October 1, 2014, as required by § 195.12(c)(3)(A)(iii).
- h. Evaluate its CP program for all the atmospheric breakout tanks in accordance with API 651. WPC must develop a written CP procedure for its breakout tanks and correct all known unsafe defects and conditions for its breakout tanks to comply with Part 195.5(a)(3) and Section 4 of API 653. Note: At the time of inspection, WPC was not performing CP monitoring tests on breakout tank bottoms per 195.573(d). Tank bottom-to-soil potential readings were about -350 mV.
- i. Evaluate its corrosion control program to include a close-interval survey, internal corrosion, external corrosion, atmospheric corrosion, CP test station spacing, and CP criteria. Note: At the time of inspection, WPC did not perform CP monitoring that met the criteria of § 195.571 for its crude oil system. Most pipe-to-soil potential readings that were taken during the field inspection appear to be much more positive than -850 mV. Many pipe-to-soil (P/S) readings in the field were about -600 mV or less, P/S readings in the HCA were about -500 mV, P/S for the breakout tanks readings were about -350 mV, and casings readings were essentially the same as the pipeline.

2. WPC has 60 days after receipt of the Final Order to complete the items.

3. It is requested (not mandated) that WPC 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.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

Failure to comply with this Order may result in administrative assessment of civil penalties not to exceed \$200,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of this Final Order by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.215. Unless the Associate Administrator, upon request, grants a stay, the terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued